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Works Committees

AND

Joint Industrial Councils

A REPORT

by

A. B. WOLFE

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UNITED STATES SHIPPING BOARD
EMERGENCY FLEET CORPORATION
INDUSTRIAL RELATIONS DIVISION

PHILADELPHIA
APRIL
1919

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THE first necessity of the industrial situation is greater efficiency of production. In order to meet the difficulties created by the war, to make good the losses of capital, and to raise the standard of living amongst the mass of our people, we must endeavor to increase both the volume and the quality of output.

In order that this result may be obtained without detriment to the social welfare of the community, it must be sought for rather in improved organization and the elimination of waste and friction, than in adding to the strain on the workers, and must be accompanied by a change of attitude and spirit which will give to industry a worthier and more clearly recognized place in our national life.

This can only be accomplished if the sectional treatment of industrial questions is replaced by the active co-operation of labor, management and capital to raise the general level of productive capacity, to maintain a high standard of workmanship, and to improve working conditions.

It is essential to the securing of such co-operation that labor, as a party to industry, should have a voice in matters directly concerning its special interests, such as rates of pay and conditions of employment. It is necessary to create adequate machinery, both for securing united action in the pursuit of common ends and for the equitable adjustment of points which involve competing interests. This machinery must be sufficiently powerful to enable both sides to accept its decisions with confidence that any agreement arrived at will be generally observed.

From the Memorandum of the Garton Foundation

Preface to First Edition

If the war had continued for several years, its continuance would undoubtedly have been attended by serious strain in the relationships between employers and employees. Having in mind such a possibility, a branch of the Industrial Relations Division was organized for the purpose of analyzing and making available to American manufacturers both English and American experience in industrial relations under war-time conditions.

Many lines of inquiry were started, but only a few of these inquiries had been concluded at the time of the signing of the armistice. One of these which was concluded is now presented as a report on Works Committees and Joint Industrial Councils. It has seemed best to present the report as prepared by the investigator in charge in order that it may be promptly available. In so far as opinions are expressed in the report, they are the opinions of the investigator, unless otherwise indicated. The United States Shipping Board Emergency Fleet Corporation assumes no responsibility beyond that of presenting the report.

L. C. MARSHALL,
Manager, Industrial Relations Division.

Preface to Second Edition

The report on Works Committees and Joint Industrial Councils, setting forth the English and American experiences in industrial relations under war-time conditions, was published with the hope that it would prove beneficial to those interested in American industry.

The requests for the report have exceeded our expectations many times, with the result that the first edition is practically exhausted, in spite of the fact that it has been out only three months.

It is most gratifying to note that the American business man is giving serious thought to the more advanced methods of dealing with matters of industrial relations and is desirous to learn of the best practices.

We take pleasure, therefore, in publishing the second edition, for which it has seemed wise to make a nominal charge, and trust that it may continue to play its part in helping to develop a better understanding, more sympathetic co-operation and greater harmony in our industrial fabric.

R. W. LEATHERBEE,
Manager, Industrial Relations Division.

UNITED STATES SHIPPING BOARD
EMERGENCY FLEET CORPORATION
PHILADELPHIA, PA.

April 15, 1919.

MR. L. C. MARSHALL,
Manager of the Industrial Relations Division,
UNITED STATES SHIPPING BOARD
EMERGENCY FLEET CORPORATION,
PHILADELPHIA, PA.

SIR:—

I submit herewith a report on Works Committees and Joint Industrial Councils, the materials for which have been gathered during the past four months in the intervals of other duties. Problems involved in the organization and functioning of works committees are dealt with in some detail. The recommendations of the Whitley Committee and the general movement toward joint industrial councils and works committees as agencies of so-called "co-operative management" are explained. Some attempt is also made to set forth the theory upon which the advocates of co-operative management or industrial representation base their program. Special attention is given to the psychological basis and to the relation between industrial democracy and management responsibility.

Many letters of inquiry have been sent to American manufacturing establishments, but no attempt has been made to secure complete information concerning the extent to which works committees or their equivalent have been introduced into American plants, nor has any intensive study of American industrial representation plans been attempted. Enough first-hand information has been obtained from American companies, however, to indicate that the trend toward industrial representation in shop and works committees is under way and gaining momentum.

Cordial acknowledgment is made of assistance rendered in various ways by Mr. Montague Ferry, Head of the Information Branch; Mr. Arthur Fisher, Mr. Paul Douglas, Mr. F. E. Wolfe, Mr. John J. Casey, Miss Mary B. Wesner, Miss Helen Olson, and Miss Caroline Shaw. Thanks are also due the various companies and individuals who have kindly given permission for the publishing of their experience and views with regard to works committees. The Department of Labor Library, Washington; the Free Library of Philadelphia, and the Library of the University of Pennsylvania have rendered valuable aid in making available important documents and sources.

Respectfully submitted,
INDUSTRIAL RELATIONS DIVISION.
By A. B. WOLFE,
Head, Investigation Branch.

December 16, 1918.

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Introduction

The nature of management—Industrial management involves (1) organization, (2) financing, (3) marketing, all to the end of creating a product or service and selling it for a price. *Financing* includes the procurement of business capital (money or credit) for construction of plant and meeting expenses for material, power, and labor which cannot be met out of current income. *Marketing* includes the buying of material, labor, etc. to the best advantage, and the selling of product or service to the greatest profit. *Organization* comprises the structure and operation of the labor, the land, the plant, machinery, and materials which constitute a going concern. In a general sense, organization also includes, it is true, both financing and marketing, since a machinery and method for these processes have to be set up and kept in effective running order. But it is convenient to take the term organization in the narrower sense. In this sense it marks what may be called, broadly, the *engineering* aspect of management. The manager has to fit together material things and human forces into a productive organism, be it mine, farm, factory, or shipyard.

Co-operation between the different factors of industry—Co-operation characterizes all industry. It is a truism to say that the captain of industry would be helpless and useless in the absence of labor—a fact which laborers recognize and utilize on occasion by refusing to co-operate, that is by striking. The laborer is helpless also without the manager—*some* manager—and he recognizes this by submitting usually in good spirit, sometimes sullenly, to direction and orders.

Antagonistic co-operation—But the co-operation which characterizes industry is not infrequently antagonistic co-operation, marked on the manager's side by distrust of labor, class consciousness, autocracy, and cold calculation; and on the laborer's by constraint, withholding of effort, ill-will, unrest, and hostility. Being in the nature of an engineering function—fitting things together—management, especially in our modern impersonal industrial organization, has had a tendency to neglect the human element, which neglect is about as disastrous as it would be for an engineer to forget to oil the bearings of his machine. With the oil of the co-operative spirit lacking or too thin, the industrial machine produces grinding, rasping, and heat, and has to stop for repairs—the patched-up work of mediation or arbitration.

The part labor plays in antagonistic management—In recognition of the human element in industry, the phrase human engineering has been coined, and in the hope of oiling the bearings and eliminating stoppages the idea of co-operative management is evolving. Labor has long demanded a collective voice in the making of the wage contract and the determination of work conditions. Employers on the other hand have generally stood out against these demands as far as they could. The result is an industrial plant arranged into two hostile and suspicious camps. *The effect is essentially that of a divided management warring against itself.* While the workers, denied a recognized and constitutional voice in plant organization and conduct of industry, do not seem, on the face of things, to have any part in management, they really do, under present conditions, play an important part in it, indirectly and under the surface. The man who thinks he is "managing his own business without the interference of labor" and who thinks he is getting efficiency out of his plant even if his employees are restless and discontented, is probably laboring under an illusion; his workmen may be taking every opportunity to "get even" and "put one over on him," by all the semi-unconscious and intangible tricks and practices to which any aggrieved class or person will become habitually addicted; his foremen will not know the joy of wholehearted, cheerful work on the part of their men; his superintendents will find things going at cross purposes in a variety of ways hard to explain and harder to remedy. The "labor agitator" of the bad type will have a fruitful field of operation, and in general, compulsion and sullenness will prevail where confident cheerfulness and steady industry should be the normal day-in and year-out condition.

Industrial representation—Industrial representation, or co-operative management, as some prefer to call it, means the elimination of antagonistic management. It means the recognition that the workers not only have a stake in industry and should have something to say about it, but that the denial of a consultative voice to them is responsible for much, if not for most, of our industrial unrest and inefficiency. Industrial representation means at once specialization and co-operation. It means that matters which concern employees only shall be discussed and decided by employees only, meeting in constitutional assemblies—shop and works committees; matters that concern the employers only they shall decide; but matters that concern both shall be discussed in joint conference (joint works committee, joint industrial council) and decided upon the basis of open diplomacy. Generally speaking, workmen will have no interest in the financing and marketing ends of management, except in those cases where the financing of the company and its selling, buying, and price policies have important bearing on

wage issues.[1] Co-operative management, therefore, does not contemplate that the workers shall have a voice in financing and marketing. It may mean in certain instances, however, that the company must stand ready freely and frankly to throw its books open to inspection by properly authorized representatives of its own employees.[2]

The agencies of industrial representation—The agencies of co-operative management are (1) within the plant, shop committees and a works committee,[3] (2) in the industry as a whole, district and national joint industrial councils,[4] and special collective bargaining conventions or conferences between employers' associations and trade unions.

The motives to industrial representation—The movement for co-operative management is today one of the livest movements in England and it bids fair to become a lively issue in America, and this on four grounds: (1) Industrial unrest is everywhere threatening—where it has not actually already overturned the established basis of industrial control. (2) Even if unrest does not go to syndicalist or Bolshevistic extremes, it seriously impairs industrial efficiency and makes the task of management infinitely harder than it should be. (3) There is a general feeling that industrial efficiency must be increased (*a*) in order to rebuild the war-devastated wealth of the world, (*b*) to meet the intense international economic competition the coming of which, while dreaded, seems to be taken as a matter of course. (4) Everywhere a new ethical spirit is developing, recognizing the worker as a human being and his right to a voice in industrial as well as in political government.

Co-operative management, in short, is an aspect of industrial democracy, and aims at a compatible combination of democracy and efficiency in the organization of industry.

Works committees—With regard specifically to works committees, the thought underlying the proposal of the advocates of industrial representation for their institution in American industrial establishments, following their actual existence in many English factories and the official encouragement which the English government is directing to their further extension, is that American employers, especially in large establishments, should permit and encourage their employees to elect representative committees whose function it will be to consider not

[1] As in the case of the railroad companies vs. the railroad brotherhoods. On November 1, 1918, the photo-engravers of New York City announced a new price list to their customers. This list was made up by the Photo-Engravers Union and accepted by the employers. This is an exceptional and highly interesting case where co-operative management touches financing and price-fixing. The photo-engravers have, with union co-operation, fixed a scale of selling prices that will permit the payment of a living wage.—See the *Survey*, Nov. 16, 1918, pp. 192, 193.

[2] This is the understood policy of one well-known American firm which two years ago instituted the works committee system in its plant.

[3] See Chapter IV.

[4] See Chapter III.

only grievances but problems of works organization, production methods, shop rules and regulations, and in short all matters which affect the welfare and spirit of the workers and the tone of the relations between them and their employers. It is a further thought that the work of these committees, while so far as possible organized and conducted by the workers themselves, should have not only the friendly interest and backing of the employers but their cordial co-operation as well.

The motive for this proposal is the conviction, in the minds of thoughtful employers and students of the industrial problem, both in America and abroad, that industrial unrest can be allayed only by measures which will appeal, to rational and not too selfish employers and workmen, as embodying the principles of a square deal. Those who sponsor the committee plan are ready to grant freely that, like other expressions and methods of democracy, it may not produce that appearance of speed and accuracy in decision and organization which characterize, superficially at least, more autocratic methods of industrial control; but they believe that in the long run industrial efficiency must be based upon a square deal, and that what is a square deal can be defined even to the approximate satisfaction of all concerned only by co-operative discussion and deliberation. Back of the movement of co-operative management lies the belief that there is a vast fund of good will, and of productive energy, which has hitherto largely been allowed to go to waste—or even turn sour, to produce industrial unrest and ferment—because the old-time individualistic methods and autocratic ideals of industrial management have failed to take account of the psychology of the worker as a real human being. The motive to co-operative management, in other words, is to aid in securing industrial efficiency as well as industrial justice through a rational organization of industry which shall treat men as men and not as machines. It is backed up by the belief that a square deal and maximum efficiency are mutually cause and effect, and inseparable.

Chapter I. The Human Factor in Industry

1. Three Phases of Industrial Evolution

The phases of industrial evolution—Since the beginning of the industrial revolution, in the eighteenth century, three phases of industrial development are to be distinguished. The first was constituted by the industrial revolution itself; the second by the activity of efficiency experts and their attempt to perfect industrial organization through so-called scientific management; and the third, just now developing, by recognition and understanding of the great part which the psychology of the workman plays in industrial peace and efficiency.

The first phase, the industrial revolution—The nineteenth century, "the wonderful century," as Alfred Russell Wallace called it, was devoted to the study of the laws of material nature and to the development of physical equipment. No preceding period in the history of the human race began to equal it in scientific discovery and invention, and it is doubtful if any succeeding period will surpass it in this regard. For the first time in the world's history the human mind was really free to devote its rational capacity to the discovery of nature's methods of action. As this great scientific achievement gradually unfolded it was more and more utilized by practical men in the re-organization and advancement of economic production, a process of change which may be said to constitute the first phase of modern industrial evolution. Steam, electricity, the development of chemistry, and many other applications of scientific advancement, all contributed to the transformation of the industrial process, a transformation brought about on the one hand by the energy and effort of captains and sub-captains of industry, whose whole life-interest was wrapped up in securing that greater efficiency of the physical organization of their plants, which together with low wages, they conceived to be the chief factor in productive efficiency, and hence in profits; and on the other hand by those men of perhaps less driving energy, but more constructive imagination, whose satisfaction it was to provide the practical inventions without which the physical re-organization of industry would have been impossible.[1] This great task of organizing the purely physical productive forces—the material nature factor—involved, at the beginning of the century, the change from hand to machine processes and from the domestic to the factory system; at the end of the century it had brought us to the more exact tasks of effective planning

[1] See Taussig, Inventors and Money Makers.

of plant and shop, economical routing of material, more minute subdivision of labor and specialization of calling, and to the larger task of co-ordinating our extractive, manufacturing, and transportation systems. All this involved radical changes in the position of labor. Labor became more than ever a cog in a mighty and intricate machine, and like other parts of the machine, had perforce to be in the right place at the right time, very much regardless of the desires or feeling of the laborer, either as an individual or as a class.

The second phase, scientific management—The second phase in the evolution of industrial management developed at about the beginning of the present century when the efficiency expert, or industrial engineer, as he now prefers to be called, put in his appearance. So-called scientific management had its birth in Taylor motion-study schemes and "scientific" wage bonuses, and production managers were led to study the labor factor in their establishments. But they were left, from the whole point of view of scientific management authorities, to regard labor practically in the same light as that in which they regarded their machinery and raw material, namely, as something to be shaped, manipulated, adjusted, put in its proper place, and left to perform its allotted task with automatic regularity and monotony.

The third phase, recognition of the human factor—A third phase, now, we may hope, being entered upon, will be characterized by the development of a type of industrial management which will be keenly and truly cognizant of the part which human nature plays in industrial organization and which will clearly understand that the needs, real or fancied, of the workingman—his instincts, prejudices, emulations, ambitions—are as important in the weaving of the industrial fabric as is the quality of steel which goes into a cutting tool, the effective routing of material, or the most scientifically devised cost-keeping system. In other words, this third phase will be one in which full recognition is given to the human factor, and in which, if labor makes impossible or unreasonable demands, the employer will seek to understand the cause of those demands rather than flatly refuse to consider them or offer a take-it-or-leave-it compromise.

The shortcoming of scientific management—The great shortcoming of the scientific management expert, as well as of the average industrial engineer or production manager, was, and is, his sometimes sublime unconsciousness of the importance of the second great factor, the mental attitude of the worker, or rather, perhaps, his failure to see the worker's attitude as it really is. The efficiency experts have been too much in the habit of regarding the workingman as a purely mechanical means to physical ends. That this conception has been detrimental to the very objects which the experts wish to accomplish is

shown by the almost universal hostile attitude of labor, whether organized or unorganized, toward scientific management, even in its milder forms. Scientific management is only pseudo- or semi-scientific in that it fails really to "manage" the human nature involved in production.[1]

Importance of the psychology of the worker—However much of a "rough-neck" the workingman may be, however crude his intellectual processes, his mental machinery is nevertheless infinitely more complex and delicate than that of the finest chronometer. We reserve the adjustment of chronometers to men who understand delicate machinery, but too often the adjustment of this complex human factor to the industrial process is left either to the blind power of conflicting and passionate forces or to the tender mercies of experts who have slight perception or knowledge of the real psychological elements with which they have to deal. The average business man or captain of industry prides himself upon being a good judge of human nature. He usually is so, in all those matters which have to do with the financing and marketing phases of his enterprise, which involve his own reputation among other business men and the reputation of his goods among consumers. In the task of surrounding himself with an able and loyal personnel in management and office force, he has to be a keen, quick judge of temperament and capacity. In securing and holding the good will of the purchasing public he has to approach human nature from another side—its wants, its emulations, its vanities, its demand for low prices, its reactions under the varied types of suggestion embodied in advertising. But in his relations to labor, especially in the larger plants where direct contact between the higher management and the rank and file of workers is a physical impossibility, the American business man often fails, from lack either of ability or of time, to inform himself with regard to the real psychology of the worker. The ever-recurring conflicts between labor and capital, with all the incalculable loss they incur for both, not only in money, but in the perpetuation of ill will and hard feeling, are sufficient evidence that the managers of industry have been unable or unwilling to secure a smooth running co-ordination between the mechanical factor and the human factor in production. Their failure to do this is proof that they do not understand the mental make-up of labor, and consequently do not manage effectively its co-ordination with plant machinery and raw material. In their concentration of attention upon the technicalities of physical organization of plant and the psychology of the

[1] See John R. Commons, Labor and Administration, 1913; R. F. Hoxie, Scientific Management and Labor, 1915. "In spite of the development of Big Business, human nature has remained the same, with all its cravings and all its tendencies toward sympathy when it has knowledge and toward prejudice when it does not understand. The fact is that the growth of the organization of industry has proceeded faster than the adjustment of the interrelations of men engaged in industry."—John D. Rockefeller, Jr., in the *Atlantic Monthly*, Jan., 1916.

consumer, the captains of industry have tried to ignore the most difficult, if not the most important, problem of productive management—namely, the task not only of avoiding conflicts between labor and management, but of drawing upon that vast potential fund of co-operative good will and positive helpfulness in plant administration which undoubtedly exists, and which only awaits, for its realization and application, the development of some plan of organization which will bring plant management and representatives of labor into frequent conference, *with all their cards face up* on the table.

It is not too much to say that practically a century and a half of conflict between employers and employees has been due fundamentally quite as much to this lack of perception on the part of employers as to the "greed of capital," the headlong pugnacity of labor, or the corruption, here and there, of a labor official—all of which have doubtless been in part the result as well as the cause of the absence of a real psychological *rapprochement* between labor and capital.

Conciliation and mediation—The growth of large-scale schemes for conciliation and mediation, whether under government encouragement and control or otherwise, might be cited as evidence of a tendency for labor and capital to try to "get together." So also with collective bargaining in most of its aspects. It affords, spasmodically, an opportunity, often forced, for contact between representatives of the two sides, but too frequently this contact is under relations so strained as to preclude any attempt to develop an atmosphere of friendly co-operation in the interests of the concern or the industry as a whole.

Conciliation, mediation, and arbitration have achieved notable results in bringing labor and capital into conference on special occasions and for specific purposes, but they have fallen short of securing that universal, *continuous,* and frank, man-to-man understanding and confidence without which industrial relations can never be expected to reach a stable equilibrium on a high plane of productivity and efficiency. It is worth noting that most conciliation and mediation schemes hitherto in operation or proposed do not afford contact between the worker (or his *immediate representative*) and the managers; and the more ambitious the scheme the less is the probability of such contact, in the absence of definite machinery to secure it.[1]

However valuable conferences between representatives of employers and the higher officials of organized labor may be, they do not supply a basis for that intimate contact, discussion, and co-operation

[1] See Barnett and McCabe, Mediation, Investigation, and Arbitration in Industrial Disputes, 1916, Ch. 5 (the same matter may be found in the Final Report of the United States Commission on Industrial Relations, 1915, pp. 194-201); and Suffern, Conciliation and Arbitration in the Coal Industry of America, 1915. For description of a conciliation and collective bargaining system which comes close to the joint industrial council plan, see United States Bureau of Labor Statistics, *Monthly Review,* May, 1918, pp. 166-179, "Trade Agreements in the Stove Industry," by Boris Emmet.

which are expected to result from a properly devised system of works committees and joint industrial councils.[1]

Conciliation and mediation are too often remedies for industrial fever, and arbitration is a last desperate measure which not infrequently lays the basis for future organic disturbance without really removing the old difficulty. Arbitration and conciliation, under the conditions in which they are usually resorted to, are good so far as they go, but they do not go far enough, nor in precisely the right direction. In a sense they are negative. If they maintain or increase productive power, it is only because on the whole they tend to lengthen the periods of industrial truce in comparison with those of open warfare.

The inadequacy of collective bargaining of the older type is especially well brought out in the Memorandum of the Garton Foundation, on the Industrial Situation after War:[2]

> The explanation of the comparative failure of the employers' associations and trade unions on the constructive side of the industrial problem is to be found in their strictly sectional and defensive origin and outlook. Regarding themselves as entrusted with the interests of one party to industry and not of industry itself, they have paid no attention to the problems and difficulties of the other side, and they have come together only when one had a demand to make of the other or when a conflict was imminent. Thus they have always met in an atmosphere of antagonism, and their negotiations have been carried on as between two hostile bodies. Exchange of views has come at too late a stage in the proceedings, when a stand has already been taken on both sides and prestige or prejudice forms an obstacle to concessions. What is still more important, their discussions have been confined to specific points of dispute and have not embraced the consideration of constructive measures for the improvement of industrial conditions and the increase of efficiency. Yet the possibilities of combined action which lie in these two great groups of highly organized and powerful bodies might transform the whole face of industrial life. Their united knowledge of both sides of the industrial process should enable them to throw light on every phase of its successive developments. Their united strength would render them, in combination, practically irresistible. But to secure the realization of these possibilities the co-operation between the two groups must be continuous and constructive, and must be based upon a recognition

[1] The number of labor men who actually play a part in the proceedings of a district meeting of employers and union delegates for establishment of contract standards of wages, hours, and conditions of work, is greater, however, than appears on the surface, because the local unions send a large number of unofficial delegates who hang about the hotels and advise with the official representatives, but do not appear on the floor at the official meetings of the joint conference.

[2] London, October, 1916. Reprinted by the United States Shipping Board Emergency Fleet Corporation, Philadelphia, 1918.

of the common interests of employers and employed, both as parties to industry and members of the community. Employers must realize that both their own interests and the obligations of citizenship impose upon them the necessity of a sympathetic understanding of the lives and standpoint of those with whom they work and a willingness to co-operate, without dictation or patronage, in every endeavor to improve their material or social conditions. Labor must realize its direct interest in the improvement of industrial processes, the organization of industry, the standard and quantity of production, and the elimination of waste in material or effort. Both the employers' associations and trade unions must learn to regard themselves as joint trustees of one of the most important elements of the national life.

2. Our Contentment with Industrial Peace.

Our strivings for mere peace in industry throw a flood of light upon our standards of industrial efficiency and our ideals of the relation that should exist between employer and employees. Our standards are not exacting. We may compare our satisfaction with industrial peace, when we fancy ourselves momentarily in possession of its blessings, to our complacent gratification when we appear to secure something resembling honesty in state and municipal government. It is, of course, needless to remark that in a society able to conceive and to hold high standards of efficiency we should be content neither with industrial peace nor with civic honesty. To be sure, if we could but compass these minimum and in a sense negative virtues, we should find ourselves surprised by an unaccountable increase in industrial and governmental economy; but if our standards were high and exacting, we should demand carefully thought-out steps to secure, positively, efficiency in the largest sense—a smooth-running government and industry in which all the parts work harmoniously to the accomplishment of the largest purposes with the minimum necessary expenditure of energy.

Efficiency—a good word now unfortunately much overworked and maltreated—has been regarded, until recently, as something which only idealists, in the realm of government, would concern themselves with; in business, as a matter falling entirely within the sphere of the production manager and the efficiency experts. Most of these functionaries have, however, given too little regard to the powerful subtleties of the human factor with which they were unwittingly dealing; they simply have failed to sense the significance of what is now the strategic factor in industrial efficiency—the human nature of the workman.[1]

[1] "Nothing is more surprising, often, to employers and the merely scientific man, than the unanimity with which thousands of unorganized laborers will suddenly turn out on strike at the call of a few hundred organized laborers. It is their desperate recognition

Some of the issues which produce discord, if not actual violence, between labor and capital go so deep that no mere device of industrial governmental machinery, however much contact it afford between employer and employee, can be expected to settle them. If the employer continues to hold that he should purchase his labor, whether under individual or collective bargaining, at the "market price," and that, the business being his, he is entitled to all its profits—while on the other hand the workmen, becoming socialistically inclined, hold that a business run by an employer for pecuniary profits under a competitive price system can never be run really for the public good—and if, further, they hold that they are entitled to share heavily in the profits which they help to produce, then there is no such thing as "peace without victory." One side or the other will have to demonstrate that its demands are just and conducive to the general welfare.

The demands of the English Labor Party—The point to this seeming digression lies in the fact that labor *is* making these demands—and more. We must recognize the significance of the fact that the laboring class comprises the vast majority of the population, and that it only awaits organization into a consolidated labor party to find itself in possession of supreme political power. English labor is much nearer such organization than is American. If the English workman is even partly successful in his demands, American labor will have a powerful motive to organize for similar ends.[1] The essential consideration is that the extent to which labor will insist upon the realization of a socialistic program, such as is proposed by the British Labor Party, and the

that the day of individual bargains is gone for them. And it would seem that a corporation, representing thousands of stockholders speaking through one man, might be able to anticipate unionism by finding some means of scientific organization of labor, before installing scientific management. In lieu of this, they wait until a union is formed, and then complain that it is hostile to efficiency. The example of the stove moulders, which I have given, shows that their hostility to efficiency is the hostility to methods that take them at a disadvantage in their power of protecting themselves. When once they are guaranteed assurance, as in the foundry business, that this will not be done, they respond as reasonably as other people."—John R. Commons, Labor and Administration, 1913, p. 147.

[1] "The Labor Party is the party of the producers whose labor of hand and brain provide the necessities of life for all, and dignify and elevate human existence. That the producers have been robbed of the major part of the fruits of their industry under the individualist system of capitalist production is a justification for the party's claims. One of the main aims of the party is to secure for every producer his (or her) full share of those fruits—and to ensure the most equitable distribution of the nation's wealth that may be possible, on the basis of the common ownership of land and capital and the democratic control of all the activities of society. . . . . .

"We believe that the path to the democratic control of industry lies in the common ownership of the means of production: and we shall strenuously resist every proposal to hand back to private capitalists the great industries and services that have come under Government control during the war."—Arthur Henderson, The Aims of Labor, 2d Edition. New York, 1918, pp. 26, 28. See also pp. 118-123. The Social Reconstruction Program of the British Labor party is published in full in the *Monthly Review,* United States Bureau of Labor Statistics, April, 1918, pp. 63-83.

See also the Reconstruction Resolutions of the California State Federation of Labor, which contain the following section: "Industry should not be controlled by a jostling crowd of separate and priavte employers with their minds bent, not on the service of the community, but by the very law of their being, only on the utmost profiteering. We should look to scientific reorganization of the nation's industry, not deflected by individual profiteering, on the basis of a common ownership of the means of production." *The Survey,* Nov. 23, 1918, p. 225.

degree of social discord and dislocation occasioned by its realization, in part or in full, will depend largely upon the attitude of employers toward labor and especially upon the extent to which understanding and mutual good will can be substituted for the hitherto prevalent conflict-attitude.[1]

The conflict-attitude—The attitude of hostility, which, in the by and large, characterizes the relations between labor and capital everywhere, but especially in the United States, needs explanation. The frequent absence of confidence and good will between employer and employee is the most costly shortcoming of our whole economic organization. It is hard to escape the impression that each side is frequently bent less on producing goods for the consuming public than on "getting even" with the other side.

Its causes—No doubt the vicious lump-of-labor theory, according to which the workman reasons that there is only so much work to go around, and if he does too much today he may have nothing to do tomorrow, is responsible for many of the policies and practices of organized labor, some of which policies a really peaceful and efficient industrial society would find it hard to tolerate. Temperamentally lazy men will doubtless always try to "soldier" on the job, but an organized and apparently well-nigh universal "ca canny" system must have other causes back of it than laziness or determination to "get even" with the employer. Similarily, we must search further back than the reasons which are usually given for trade union restrictions on membership, rules providing for unduly long apprenticeship, opposition to piecework, etc. All of these doubtless have their immediate motive in the desire of labor to hold its own collectively against the massed bargaining power of capital.

The fundamental cause of the conflict-attitude lies in the fact that the employer, on his side, and the laborer on his, are both seeking to appropriate as much as they can of the same thing, the product of industry—so eager that in their effort to get their share they are willing to see the total greatly reduced. It is this pig-trough practice which gives the keenest critics of our "pecuniary culture" their cue for the

[1] Labor's conception of this conflict-attitude and its causes is reflected in the Supplementary Report by John B. Lennon and James O'Connell, in the Final Report of the United States Industrial Relations Commission, 1915, pp. 286, 267—"We hold that . . . the organization of the trade unions and of the employers' organizations should be promoted, not, however, for the sole purpose of fighting each other, but for the commendable purpose of collective bargaining and the establishing of industrial good will. Organizations of employers that have no object in view except to prevent labor having a voice in fixing the conditions of industry under which it is employed, have no excuse for existence, as they are a bar to social tranquility and a detriment to the economic progress of our country. The evidence before the Commission shows that organized labor has no desire, nor has it attempted, to control the business of the employer. It insists that it has a right to a voice, and a potent voice, in determining the conditions under which it shall work. This attitude, we are sure, will be continued in spite of the oppositon of any so-called employers' organizations." Whether or not Messrs. Lennon and O'Connell have a just and correct view of the situation is not the question; the point is that their statement doubtless reflects the feelings and demands of a great mass of working men.

charge that modern industry is run not for the public good, but for money profiteering.[1] The development of unquestionable industrial efficiency presupposes the substitution of the "work-bench" for the "pig-trough" philosophy,[2] and this cannot be done so long as a square deal in wages and work remains to be made.

Co-operative management not a substitute for a square deal, but an avenue to it—Whatever machinery of industrial democracy or co-operative management in the form of works committees and industrial councils for collective bargaining and the governing of the general relations between employers and employees may be proposed or in the fullness of time established, it should be clear from the outset that such machinery cannot be offered as, in itself, a substitute for a square deal, but only as one avenue leading toward it, and toward real industrial efficiency. Nobody will expect the laborer to be satisfied with a piece of governmental machinery, however large a place he may have in its workings, so long as he feels that he is not getting a just share in the product of industry.

On the other hand, even should the most extreme demands of labor be satisfied so far as wages, etc. are concerned, the workers would still be dissatisfied and restless if an autocratic control of industry remained in practice. The time is probably past, whether we like it or not, when an employer can say, "My business is my own to run as I please!" He may "get by" with this old-time individualistic attitude for a time, but his industrial life will be marked by a succession of costly contests with labor and with a public opinion which has undergone remarkable change on these matters in the past few years; and he will in the long run lose out in productive competition with men and firms who, by taking an attitude more in keeping with the spirit of the times, regard their business as something in the nature of a public utility for public ends, and thereby secure the confidence, good will, and hearty co-operation of their employees.

The demand for a voice in industrial government—One way to do this, according to the advocates of co-operative management, is to recognize the workers' desire for a measure of self-government in industrial relations, as he is supposed to have it in political affairs. This desire for a voice, co-ordinate with the employer's, in the control of working conditions, the organization and change of processes, and all the hundred and one details that are involved in the relations between employer and workman, is in places second in its intensity only to the desire for higher wages and more leisure. It is a demand less easy of definite expression—although the passionate adherence to the

[1] Thorstein Veblen, The Instinct of Workmanship.
[2] Cf. T. N. Carver, The Religion Worth Having, and Essays in Social Justice.

closed shop principle is one expression of it—than that for higher wages or shorter hours, but in the long run it will be found of very great significance both to the maintenance of industrial peace and to the development of productive efficiency.

The war has forced us to the recognition of the human factor much sooner, much more generally, than would otherwise have been the case. One of the beneficial by-products of the war will be a quickened consciousness of the importance of human psychology in industry and the determination on the part of employment and production management to utilize, rather than to antagonize, the human factor.

Chapter II. Psychology, Democracy, and Efficiency

1. Psychology in Relation to Industrial Management

Handling men—The psychology of the working man is not essentially different from that of any other individual. But managers and employers have assumed that it is different. This assumption is an error of judgment and an obstacle to effective industrial management. The latter depends, as we have seen, on the one hand on knowledge of materials and natural forces, and on the other on knowledge of human nature. To handle men you have to know them, and to know men means to know their psychology, their motives, their attitudes toward the world in which they live and work.

Men are handled by appeal both to their feelings and to their reason. Primarily, the way men reason is determined by their emotional attitudes. To get a man to act and to act substantially in the way you desire, you have to touch the right springs to his action. In other words, you have to appeal to the appropriate motives, and if these do not exist in him, you have to create them, if possible.[1]

Modern "behavioristic" psychology, while as yet it is in an undeveloped state, is able to throw a flood of light upon this problem of human engineering. We find men acting in accordance with certain hereditary tendencies and certain acquired habits which motivate and guide most of their activities. Human desires and interests in all their seeming infinite variety are largely acquired from the social environment of the individual, but they all rest back upon inherited instincts or racial desires which are found upon inquiry to be operative in the life of every human individual. There are numerous classifications of these instincts and there is no agreement among psychologists as to their exact number or the exact dividing line between instincts and acquired desires and habits. Some psychologists recognize as many as twelve or fifteen so-called fundamental or primary instincts, while others prefer to reduce them to three—fear, sex, and hunger. Without attempting to consider the academic question as to the number of primary instincts, we may for our purpose be fairly confident that the following are the most significant to our problem: the instinct of workmanship[2] or self-expression, the instinct of pugnacity, the desire for recognition and distinction, and the gregarious tendency.

[1] Cf. Robert B. Wolf, "The Creative Workman," an address delivered before the Technical Association of the Pulp and Paper Industry, Dayton, Ohio, May 16, 1918. Also by the same writer, "Individuality in Industry," United States Bureau of Labor Statistics, Bulletin No. 227, October, 1917, pp. 193-206.

[2] Mr. Veblen's term. Mr. R. B. Wolf calls it the "creative impulse."

Balked dispositions—Whether a desire be instinctive or merely the product of suggestion and imitation, we know that a thwarted desire may be the cause of profound disturbance to a person's mental equilibrium. If the human organism is instinctively "set" to a given action or line of activity—in other words, if instinct stimulates us to do thus and so—and this action is obstructed, delayed, or prevented, the resulting mental state is what some psychologists call a *"balked disposition,"*[1] or "repressed wish."[2] Too many repressed desires result in a state of chronic balked disposition, and may lead to a highly nervous condition, and not infrequently to neurasthenia and to social unrest.

The instincts of workmanship and of self-expression repressed by modern industry—The significance of all this for industrial psychology lies in the fact that modern industry gives the laborer's instincts of workmanship and self-expression little scope, and that consequently a whole working class may be found to be suffering from repressed desire and balked disposition. A balked disposition, if strong, not infrequently produces a highly pugnacious attitude. Energy which would normally be expended in constructive work then tends to find release in disputation and conflict.

Two reasons are advanced for holding that modern industry does not give sufficient scope to the instincts of workmanship and self-expression. In the first place, actual industrial processes have been reduced very largely to routine tasks, and the responsibility thrown upon most workers has been reduced to the minimum. With the widespread war-time introduction of dilution—*i. e.,* the substitution of unskilled machine tenders, etc., for skilled workers—the laborer's responsibility and chance to put himself into his work are still further reduced. There is no need to dwell upon this fact, for students of the labor problem have again and again alluded to its significance. In the second place, *the instinct of self-expression is violated by the autocratic administration of industrial establishments.*[3] It is unreasonable to suppose that men accustomed to political self-government will ever be content without some measure of self-government in their daily work. Unless factory administration is so arranged that the workmen have voice, at least a consultative voice, in co-operation with the representatives of the employers, in the management of all the conditions

[1] See Wallas, "The Great Society."

[2] See Holt, "The Freudian Wish."

[3] On the importance of instinct and repressed desires in industrial psychology see; Montague Ferry, "Chasing the 40%," in *100% the Efficiency Magazine,* Nov., 1917, pp. 41-50; Garton Foundation, Memorandum on the Industrial Situation after the War, London, 1916, reprinted by the Emergency Fleet Corporation, Philadelphia, 1918; R. F. Hoxie, Scientific Management and Labor, 1916; Helen Marot, Creative Impulse in Industry, 1918; C. H. Parker, "Motives in Economic Life," in *American Economic Review Supplement,* March, 1918; Ordway Tead, Instincts in Industry, 1918; Thorstein Veblen, The Instinct of Workmanship, 1918, ch. VII; R. B. Wolf, The Creative Worker, an address delivered before the Technical Association of the Pulp and Paper Industry, Dayton, Ohio, May 16, 1918.

pertaining to labor in the factory, we may be fairly sure that unrest and discontent will continue to exist. Not only will there be balked dispositions arising from the obstructed instinct of self-expression, but a repression of the desires and habits of self-government arising from our political democracy—attitudes which are carried over into the industrial realm only to find their outlet dammed by the employers' unwillingness to countenance any measure of democracy in the factory.

Production managers make all the physical arrangements of the plant, with little or no personal conference with the employees. Wage rates, hours of labor, and working conditions are fixed either in an autocratic manner, in which the individual laborer is approached in the take-it-or-leave-it spirit, or are the result of formal conferences for collective bargaining between the employer and the higher representatives of organized labor, with whom the rank and file come into little direct contact. Men are not uncommonly hired and fired—where the unions are not strong—without hearing or assigned reason. Changes in process which may involve the discharge or reduction of wages of a large number of employees are introduced without consultation with those most concerned. All these things are done on the old legal and economic theory that a man's business is his own to handle as he sees fit.[1] It should be fairly evident that this theory tacitly regards the workmen as entitled to no more regard than the material equipment of the plant. It neglects the human factor in industry. Probably few employers would admit that the worker has a shadow of vested interest in his job, even though upon his job depends his own livelihood and the life of his family, although it has become a conventional and legal truism that the investor is entitled to a "fair rate of return" on his money, and that changes in law or social organization must be made with due reference to this vested interest. Only in the abnormal conditions involved in conscription and in demobilization of citizen armies do we find any tendency to the notion that the worker has a vested right to his work. It is not our purpose to argue that it is possible to give legal recognition to any such vested interest of the worker, even should it be admitted to exist. *It should be pointed out, however, that the worker does have a vested interest, in the psychological sense of the term, in his job,* and that failure to recognize this results in repressed desires and balked dispositions which play no inconsiderable part in the causation of industrial unrest and inefficiency in production.

[1] "A manufacturer tries to tell a conventional world that he resists the closed shop because it is un-American, loses him money, or is inefficient. A few years ago he was more honest when he said he would run his business as he wished and would allow no man to tell him what to do. His instinct of leadership, reinforced powerfully by his innate instinctive revulsion to the confinement of the closed shop, gave the true stimulus. His opposition is psychological, not ethical."—Carleton H. Parker, "Motives in Economic Life," in *American Economic Review Supplement,* March, 1918, p. 218.

2. The Psychology of Industrial Unrest

All unrest being due to thwarted desires and repressed instincts, it follows that the causes of industrial unrest may be stated in psychological terms. Unrest arising from what the workman regards as insufficient wage is usually due to unsatisfied desires for the attainment and maintenance of a standard of living—physical and social—above that which his actual wages will support. In this, desires for self-expression, distinction, and recognition involve imitation and emulation of those who set the standards of repute. The wage level, together with the hours of work, thus occupies a strategic position in the determination of the worker's phychology, because upon the amount of his wage is determined in a large measure the spiritual level of his existence. It would be an error, however, as already suggested, to assume that raising wages and shortening hours of labor would remove all the important causes of industrial unrest. There would still remain unsatisfied desires for self-expression and for a measure of self-government, without which self-expression is impossible. It is not to be supposed that all workmen want is high wages. From a mere monetary point of view, employers do well to recognize that there are other powerful motives for honest and efficient work, and that to the extent to which these motives can be brought into play in personal interest in the work in hand and in community interest in factory organization and functions, individual restlessness and the industrial unrest to which it tends will be diminished, and peace and efficiency attained, possibly at a lower wage than would otherwise be feasible. In other words, it is possible that if workers had more voice in the government of the intimate details of industry they would make fewer demands for impossible wage terms.

Development of hostile community instincts—Attention may here be called to the gregarious instinct alluded to above. This expresses itself in the sense of being one of a community in which sympathetic understanding and confidence exists and in which a friendly square deal is expected and maintained as a matter of course. Stranger groups always maintain a more or less suspicious, if not hostile, attitude toward each other, and co-operation between them is difficult to obtain. More powerful than differences of economic interest in keeping groups from developing mutual understanding and co-operation are differences of language, which render communication difficult. Difficulty of communication, lack of understanding, and absence of facilities for mutual action repress the instincts of sympathy which might otherwise develop in the relation between groups, and allow the growth of pugnacity and group egotism or class consciousness. The more this develops the harder it is to restore sympathetic relations. Illustrations of this fact

can be found in every conflict between labor and capital. Employers develop a community spirit of their own and labor develops either a union spirit, or a class consciousness with a fanatical adherence to the doctrine of class conflict. To the extent, therefore, that machinery is not provided for intimate contact between the immediate representatives of labor and those of the employer, the two isolated community instincts tend to develop an attitude of hostility. The remedy is to be found in enlargement of view and understanding, in the assimilation of the two communities through joint discussion and conference, not too formal in character. In other words, *employer and employee must learn to speak the same language.* They will never learn to do this until the employer becomes keenly conscious of the worker's demand for self-government in industry.

Lack of confidence—The Commission of Inquiry into Industrial Unrest, in its report submitted to the British Ministry of Munitions in 1917, finds that the psychological causes of unrest lie in lack of confidence. Many of the causes given in the reports from geographical divisions are merely manifestations of this. It "shows itself in the feeling that there has been inequality of sacrifice, that the Government has broken solemn pledges, that trade union officials are no longer to be relied upon, and that there is a woful uncertainty as to the industrial future."[1] Allusion is here made to the workers' distrust both of the Government and of the trade unions. "The feeling in the mind of the workers *that their conditions of work and destinies are being determined by distant authority over which they have no influence* requires to be taken into consideration, not only by the Government, but by the unions themselves."[2] Through the body of the Report, especially where the commissioners deal with the works committee idea, are scattered a number of allusions to the need of co-operative plant government as an essential aid in the establishment of industrial confidence.

Summary—The trend of our discussion thus far has been as follows:

(*a*) Production is a process involving co-operation between physical and psychical factors; the factory, as a productive unit, is a co-operative organization.

(*b*) Its productivity depends upon the efficiency of its organization and management.

(*c*) This, in turn, depends upon the proper recognition and handling not only of the physical but more especially of the human factors.

[1] United States Bureau of Labor Statistics, Bulletin No. 237, p. 12.
[2] Ibid., p. 13.

(*d*) Effective co-operation is never secured between persons or classes who are indifferent, sore, or hostile toward one another, or with people who are laboring under chronic balked dispositions.

(*e*) Soreness, suspicion, and hostility, are likely to develop where the natural desire for self-government, whether in civic life or in industry, is denied.

(*f*) Employers must expect continued demand on the part of labor for a larger share in the product of industry; labor when thoroughly organized to use its political power, can either force upon industrial society its definition of a square deal, or for the time being destroy all industrial efficiency, if forced into syndicalist philosophy and methods.

(*g*) While a permanent increase in real wages must be granted, employers must not rely too much upon wage increases, reductions of hours, etc., nor upon improvement in working conditions brought about autocratically—for instance, paternally conceived and imposed "industrial betterment" or "welfare" schemes—to allay discontent; for industrial unrest is due also, and in no small degree, to the desire of the working man for a recognition of his voice and personality in plant management.

3. The Demand for Industrial Democracy

The real content of democracy—A rational democracy holds:

(1) That no human individual should be regarded primarily as a means to the fulfillment of the purposes or desires of some other individual;

(2) that no class is to be regarded as the means to the interests of another class as end;

(3) that opportunity, and so far as opportunity is dependent upon them, material wealth and income should be distributed in proportion to capacity and willingness to use them for the collective good, and

(4) that to secure the operation of these principles all forms and devices of autocracy, both in political life and in industry, must give way to government and control by the people as a whole.

Application of these principles to the industrial situation—Now if we apply these principles to the interpretation of the industrial situation, what do we find? We find, to put the matter baldly and without the refinement of the qualifications which adequate presentation of the subject would require, that the employer, generally speaking, regards the laboring man simply as a necessary means to the productive process. Fortunately this attitude is undergoing swift modification, but on the part of a certain type of employer it is still altogether too prevalent. Two influences are bringing about a rapid change in attitude. In the

first place employers are discerning more clearly the meaning of loyalty, and now perceive that this spirit cannot be obtained through the old autocratic and legalistic attitudes. Secondly, there is more general recognition of the fact that political democracy without a measure of industrial self-government is somewhat hollow. The fact that American working men have been fighting in Europe to make the world safe for democracy doubtless helps to suggest the ideal of a more pervading democracy at home. Consistency, if nothing else, will cause us to consider the possible reflections of American soldiers returning to industrial life.

Having had, as a necessity of war training, their instinct of pugnacity awakened, will the industrial conditions to which they return give scope to this instinct to the detriment of production and danger to industrial peace, or will employers grasp the situation and provide for the submergence of the conflict instinct in a community spirit which shall be provided for by some machinery of industrial democracy within each manufacturing establishment, if not within industries as a whole? Upon the answer to this question hangs no small part of the social and economic destinies of our country in the next few years.

The content of industrial democracy—The content of industrial democracy is large and elastic. Ethically it means a "square deal" in wages and working conditions. What a square deal in wages is no living man can say, definitely. The irreducible minimum is a "living wage"—supposing that can be defined; but it is a certainty that labor will not consider that minimum a fair wage. Nor, possibly, is there any justifiable economic or ethical theory which makes it so. Labor will continue to demand, with ever greater solidarity and cogency, collective bargaining with regard to wages, hours, working conditions, and all those matters which mutually affect employers and employees and upon which selfish interests conflict. Whatever may be decided to be a fair wage and just working conditions will not stay decided or really *be* decided unless worked out in joint man-to-man conference between the representatives of the two sides. This is the essence of industrial democracy—*a machinery and a spirit in which all concerned shall have effective voice in matters which concern all.* This necessarily involves continuous industrial peace—which cannot be secured by any conciliation or arbitration scheme thus far proposed or tried out. Such schemes settle disputes only *after* they arise. Industrial democracy—the rational government of collective concerns collectively—involves the settlement of disputes *before* they arise (to use an Irish bull). In other words, industrial democracy would aim to reduce to a minimum the development and the intensity of hostile attitudes, and to put in their place the effective will to co-operate.

Granting the desirability of realizing these ideals, the practical question arises: *Can industrial self-government or co-operative management be developed without destroying industrial efficiency by decentralizing responsibility and virtually tying the hands of the management?* If democracy means divided or uncertain responsibility in administration, it spells inefficiency. This fact is generally recognized and may be taken as definitely established. Under such conditions it is difficult or impossible for the public to locate responsibility for shortcomings; and that baffling process known in poker and governmental circles as "passing the buck" becomes the order of the day.

Political analogies—It is well to recall here the fact that the essential problem in American municipal government has been that of securing democracy and responsibility. Until the commission form of city government was instituted, there was no way of fixing administrative responsibility; dishonesty and inefficiency were consequently inevitable. The commission plan improved matters greatly because it centered responsibility in a small committee instead of dividing it between a bi-cameral council, a more or less powerless mayor, and a number of council committees. But still the responsibility was divided, and to remedy the situation the city manager plan was proposed, by which the responsibility for *getting things done* is centered in one man, while questions of *policy* may be left to a commission and ultimately to the electorate at large. Under either the commission plan or the manager plan, or some combination of the two, publicity is a *sine qua non* of success. It is a truism which we cannot outgrow, that any system can insure efficiency, in the largest sense, only if it has in it the live interest and spirit, and over it the watchfulness of the whole community. In this sense responsibility cannot be centralized. "A people get the sort of government they deserve." The whole people must determine the larger policies affecting the general welfare, and leave the execution of policies decided upon to their authorized representative (manager or commission). The wisdom, breadth, and progressiveness of these policies will depend upon the character, temper, and ideals of the electorate, not primarily upon their representatives.

Administrative responsibility and policy-determining functions—Applying these principles to industry, we are led to the following conclusions:

(1) Responsibility for the execution of policies and for the administration of technical detail must be left with the plant management.

(2) Determination of policies relating to the commercial end of the industry—purchase, sales, advertising, financial policy, etc.—must ordinarily be left to the responsible representatives of the owners of the plant. There may, however, be exceptions to this statement.

(3) Policies which bear on working conditions, wages, and any other matter affecting the interests of the employees should not be determined upon or changed until the employees or their constitutionally chosen representatives have passed upon them. In case of difference of opinion between employers and employees, the matter should go to joint conference.

(4) Publicity will be as beneficial in industrial government as elsewhere. Even where the final authority rests with the management and must remain with it, and there is no special obligation to consult the men, the employees should be informed of what is being done.

(5) Both managers and men must arrive at a larger sense of responsibility, not only toward each other, but toward society at large. It is too much to expect that under a competitive system in which production is for profits primarily and for social welfare only in so far as profits result therefrom, either employers or employees will be quick to come to this social point of view and this larger conception of industrial responsibility. But there are encouraging indications that we are gradually approaching such a viewpoint, and our approach will be hastened by a well-grounded fear of industrial warfare and friction which, if allowed to develop, will destroy our chances to meet effectively the competition of foreign producers in the open markets of the world.

Bearing in mind the meaning and the necessity of this newer and broader sense of responsibility, and also the desirability of publicity and conference on all matters which affect labor in any way, we cannot escape the conclusion, from our experience with the older type of political democracy, that it would be unreasonable, under our present social organization, to propose a form of industrial democracy which would take away from the plant manager his final responsibility for seeing that policies, *once decided upon,* are carried out. We can have, however, without impairing responsibility, joint discussion of policies and methods in production and of all those multifarious matters which affect the interest of the employees as well as that of the employer. With extension of education and experience, and the growth of confidence, many matters which the management now considers to be wholly within the sphere of its own autocratic functions can safely and profitably be left to the control of the workers themselves.

Where the dividing line of responsibility and of function between manager and representatives of the employees will fall, or how much power can be turned over to the employees, it is impossible to say definitely. These matters will vary from industry to industry, from locality to locality, and with the character and education of the working force. It goes without saying that with an ignorant and illiterate mass

of workers industrial representation cannot go as far as among a higher class of employees. (The work of the Loyal Legion of Loggers and Lumbermen in the Pacific Northwest, however, seems to indicate that even among what has been considered the roughest and most reckless class of laborers remarkable results may be obtained from co-operative management under proper auspices.) There may be every gradation up to a full-fledged co-operative system in which the workers themselves own the plant and hire managers and technical experts to carry out their policies. Practical proposals to meet the present situation cannot, however, be based upon the idea that any significant change in the ownership of industrial plants is to take place. We must meet the situation as it is.

It is of the utmost importance to a clear understanding of co-operative management that the works committees and industrial councils with which these pages have to deal should in no way be confused with the Russian shop committees[1] or the workmen's councils advocated by the syndicalists and the I. W. W. agitators.

Co-operative management, involving no transformation in the ownership of industrial equipment, and no abolition of the final responsibility of the present owners and managers of industry, but at the same time giving the worker a real voice in industrial government, may be regarded not only as an avenue to a square deal but as an insurance against the spread of ideals and demands which would threaten both the present ownership of industry and the measure of productive efficiency and order which we have achieved under "capitalistic" ownership.

We may be very sure that it was no adherence to socialist or Bolshevistic ideals of industrial ownership and control which led the British Government, under the leadership of Lloyd George, to appoint a Reconstruction Committee and under it a Sub-Committee on Relations between Employers and Employed, and later to adopt this sub-committee's recommendations looking toward the establishment of works committees and national joint industrial councils in every organized English industry. It is probable, the rather, that rational moderates saw in the proposals of the Whitley Committee, and in the similar proposals of the Garton Foundation, the Industrial Reconstruction Council, the National Alliance of Employers and Employed, etc., a fair and essential step in industrial reconstruction, necessary on the one hand as a measure of a rational industrial democracy and a common sense square deal, and on the other as a social modification to be made betimes to preserve the nation from the flood of Bolshevist extremism which was, and is, threatening the world.

[1] For an account from a socialist viewpoint of these Russian shop committees after the former owners abandoned their plants, see "The Structure of the Soviet," by John Reed, in the *Liberator*, November, 1918, pp. 35-37.

Chapter III. The Whitley Committee Recommendations

The suggestion for the establishment of works committees in American industrial plants and joint industrial councils in American industries does not come from the thin air of idealistic theorizing. As a starting point we have: (*a*) a very considerable body of concrete and successful experience with such committees in English industry; (*b*) the beginnings, here and there, of experience with works committees, or analogous organizations, in American establishments, and (*c*) the careful inquiry and far-reaching recommendations of the Whitley Committee.

1. The Whitley Committee

The British Government's Reconstruction Committee appointed in November, 1916, a "Sub-Committee on Relations between Employers and Employed." This came to be known as the Whitley Committee.

Instructions—The instructions to the Sub-Committee were:

(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.

Membership—The membership of the Committee, including as it did the well-known economist, Professor S. J. Chapman, and Mr. J. A. Hobson, the leading English student of industrial problems; Mr. J. R. Clynes, Mr. Robert Smillie, and Miss Mona Wilson, representing organized labor; and Sir George J. Carter, Sir Maurice Levy, Sir Thomas Ratcliffe-Ellis, and Sir Gilbert Claughton, representing capital and employers, is proof of the representative character of the Committee. The Chairman, the Right Hon. J. H. Whitley, has been a member of Parliament from Halifax since 1900, and is Chairman of Committees of the House of Commons. He is also senior partner of S. Whitley & Co., cotton spinners.[1]

[1] The full membership at the time of the issuance of the Interim Report was as follows:
The Right Hon. J. H. Whitley, M. P., *Chairman.*

Mr. F. S. Button.	Miss Susan Lawrence.
Sir George J. Carter, K. B. E.	Mr. J. J. Mallon.
Prof. S. J. Chapman, C. B. E.	Sir Thos. R. Ratcliffe-Ellis.
Sir Gilbert Claughton, Bart.	Mr. Robert Smillie.
Mr. J. R. Clynes, M. P.	Mr. Allan M. Smith.
Mr. J. A. Hobson.	Miss Mona Wilson.

Secretaries: Mr. H. J. Wilson, C. B. E., Ministry of Labor,
Mr. Arthur Greenwood, Ministry of Reconstruction.

Later Mr. F. N. Hepworth, Sir Maurice Levy, Bart., M. P., and Mr. D. R. H. Williams were added.

Causes leading to the appointment of the Committee—The causes leading up to the appointment of the Committee lay chiefly in the growing unrest of labor and in the conviction on the part of leading men that English industry, in order to meet the tremendous competition to which it would undoubtedly be subjected after the war, would have to have peace and co-operative good feeling between employers and employees, as a prime requisite to efficiency.

The Garton Foundation—During the summer of 1916 the Garton Foundation circulated its "Memorandum on the Industrial Situation after the War" among employers, representatives of labor, and public parties. It was then published, in October, 1916, in the light of the criticisms received.[1] This Memorandum is a remarkable document—a revelation of the swift change of sentiment and the rapid development of broad democratic ideals, on the part of even conservative classes, in matters of industrial organization. The Trustees of the Garton Foundation are the Rt. Hon. A. J. Balfour, M. P., the Rt. Hon. Viscount Esher, G. C. B., and Sir Richard Garton. As the Preface explains:

> This Memorandum is the work of a group of men who came together, at the instance of the Garton Foundation, for the purpose of discussing the industrial situation in this country at the close of the present war. The group included men of very varied views, in touch with both the capitalist and employing classes and organised labor, as well as with financial, economic, and administrative circles. As a result of their inquiries and of correspondence and discussion with representatives of all parties to industry, they became convinced that the return from war to peace conditions would inevitably involve great difficulties, which might result, if not carefully and skilfully handled, in a grave outbreak of industrial disorder.

In its final section, on "The Fundamental Problem," the Memorandum makes extensive recommendations for co-operative management through industrial councils and works committees.

This Memorandum, together with discussion from which it arose and which it occasioned, was undoubtedly a powerful factor leading to the formation of the Whitley Committee, and the Committee perhaps took from it the suggestion for its recommendations for industrial councils and works committees.

Industrial councils in building trades—According to Mr. C. V. Corless[2] the Whitley Committee received the suggestion for its

[1] By Harrison & Sons, St. Martins Lane, London, W. C. Reprinted by the United States Shipping Board Emergency Fleet Corporation, Philadelphia, 1918.

[2] "The Whitley Scheme, a Step Toward Democratizing Industrial Relations," Montreal, 1918. Reprint of a paper read before the Canadian Mining Institute.

recommendations for industrial councils and works committees from a proposal made to the unions in the building trades by Mr. Malcolm Sparkes, a building trades employer of London. In the summer of 1914 the federated employers and organized employees in the London building trades had a serious and costly disagreement which reached a point where a widespread lockout and strikes involving a number of other trades seemed inevitable. The outbreak of the war occasioned an agreement with reservation of some points to be settled at a more convenient time later. At this time Mr. Sparkes began to think out some method by which the useless and wasteful antagonism between employer and employee might be overcome and "the underlying unity and good will in the country's service displayed by both might be made operative in times when the need for it was less dramatic and conspicious, but hardly less urgent." In 1916 a new crisis developed in the London building trades and Mr. Sparkes now presented a formal plan for industrial representation in a "National Industrial Parliament for the Building Industry." [1]

Mr. Sparkes's plan involved not only the establishment of a national industrial parliament or council for the building industry, but also joint district boards to be set up by the National Federation of Building Trades Employers and the National Associated Building Trades Council for the discussion of the proposals of the industrial parliament and the furnishing of local facts and statistics as required. The plan further contemplated the establishment of works committees in particular shops. It appears that the painters and decorators adopted Mr. Sparkes' proposal, at least in part. Their experience with industrial councils already extends over a year and is said to have proved their practicability. The district councils in this trade have met regularly under the masters' and the men's chairmen alternately and have successfully carried out some important constructive work at various centers in the country, besides averting some disputes.[2]

Early in 1916 the scheme was offered by Mr. Sparkes to the London Committee of Carpenters and Joiners, who strongly approved it and sent it forward to their national executive. It was fully discussed by the national council of these trades, and unanimously recommended to the National Associated Building Trades Council. This body discussed, printed, and circulated it among the twelve affiliated unions and at a conference in October it was adopted unanimously by 22 delegates representing the national executives of the principal trade unions. In November the Building Trades Council voted unanimously to lay the scheme before the National Federation of Building Trades

[1] A Memorandum on Self Government in Industry together with a Draft for a Builder's National Industrial Parliament. London, Harrison & Sons, [1918.] Pp. 28.

[2] See Corless, "The Whitley Scheme," p. 5.

Employers and asked for a preliminary conference on it. It is significant that the trade unions, after the fullest discussion, decided that the scheme was entirely feasible and voted unanimously to endorse it as a method of reducing friction and securing co-operative effort for the common good of the industry.[1]

Convention of iron and steel manufacturers—Still another impetus seems to have come from the convention of representatives of iron and steel firms and an address delivered to them by the Prime Minister of Australia, Mr. Hughes, then (April, 1916) visiting England. Representatives of about 300 firms passed a resolution in favor of bringing these industries together in a strong central organization, and appointed a committee to consider what should be the nature, scope, and object of the organization. In its report this committee later pointed out that increased production, which would be the greatest factor in national prosperity after the war, could be obtained only by a more cordial co-operation between employers and employees. At the outset, the report said, *any organization of the industries should be prepared to co-operate with labor.*

The report set out many examples of the questions which might have to be dealt with, among them being the question of means of giving work people a continuing interest in the industry which employs them, and the question whether some method of working associations of employers and employees responsible to their members should be adopted.

The committee suggested that the central organization should be a National Advisory Council of Industry, consisting of a body of elected representatives of employers and a body of elected representatives of employees who might meet separately or jointly. The joint meetings should be presided over by a Minister of Industry. In suggesting the appointment of such a Minister, the committee held that the appointing of an individual retaining a connection with either the employers' or the employees' side of industry would be undesirable, as would be the appointment of an individual having only political or legal qualifications. It was suggested that while a Minister of Industry should not be a permanent official, neither should his appointment or retiral be dependent on a change of Government. Local councils, the report further stated, might be desirable for large industrial areas.[2]

Whatever suggestion or inspiration the Whitley Committee received from the Garton Memorandum or from the movements started by Mr. Sparkes and Mr. Hughes, it is evident that public sentiment was prepared for recommendations looking toward industrial democracy in some form.

[1] See "Industrial Self Government," United States Bureau of Labor Statistics, *Monthly Labor Review*, October, 1918, pp. 54-61.

[2] London Times, December 6, 1916.

The actual appointment of the Whitley Committee was preceded by conferences between the Parliamentary Committee of the Trades Union Congress and the Employers' Parliamentary Committee, so that all parties and classes were aware of the importance of the step.[1]

2. Reports of the Whitley Committee

The Reports—The Whitley Committee's first Report—the so-called Interim Report [2]—was drawn up in March, 1917.

It proposed a three-fold system, comprising works committees, district councils, and a national industrial council, in each industry in which employers and employees were sufficiently well organized for the purpose. This Report met with instant recognition and interest. In October, 1917, the Committee submitted a "Second Report on Joint Standing Industrial Councils" (Cd. 9002) and on the same date a "Supplementary Report on Works Committees" (Cd. 9001). The latter gives detailed recommendations for the establishment of works committees. Following the Second Report, which made recommendations touching on the establishment of national councils in unorganized industries, the Minister of Reconstruction and the Minister of Labor issued a "Joint Memorandum on Industrial Councils and Trade Boards" (Cd. 9085), explaining the Government's objections to the recommendations made in the Second Report. Later followed a Report on Conciliation and Arbitration (Cd. 9099), and a Final Report (Cd. 9153).

The Whitley plan—To understand the Whitley Committee's recommendations, it is necessary to remember that English industry is much more highly and effectively organized than is American, both on the side of labor and on that of employers. In its Interim Report the Committee made recommendations for thoroughly organized industries, reserving recommendations for industries wholly or in part unorganized to its Second Report on Joint Standing Industrial Councils.

The proposal for the establishment of works committees is only one part, and perhaps not the most important part, of the Whitley plan. The plan at large provides, as above noted, that there shall be established in each industry in which trade unions and employers' associations assure effective organization, (*a*) a national industrial council, (*b*) district councils, (*c*) works committees. These organizations are to be representative both of employers and employees. Their central function is to provide facilities for conference and co-operation between the representatives of employers and employees respectively.

Recommendations of the Interim Report—The Whitley Committee's recommendations were evidently based upon the assumption

[1] London Times, November 9, 1916.

[2] Reconstruction Committee, Sub-committee on Relations between Employers and Employed: Interim Report on Joint Standing Industrial Councils (Cd. 8606).

that the national industrial councils would be organized before the district councils and that they would be a logical and effective influence toward the widespread establishment of works committees.

In the well-organized industries one of the first questions to be considered should be the establishment of local and works organizations to supplement and make more effective the work of the central bodies. It is not enough to secure co-operation at the centre between the national organizations; it is equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The national industrial council should not be regarded as complete in itself; what is needed is a triple organization in the workshops, the districts, and the nation. Moreover, it is essential that the organization at each of these three stages should proceed on a common principle, and that the greatest measure of common action between them should be secured.

The circumstances of the present time are admitted on all sides to offer a great opportunity for securing a permanent improvement in the relations between employers and employed, while failure to utilize the opportunity may involve the nation in grave industrial difficulties at the end of the war.

It is generally allowed that the war almost enforced some reconstruction of industry, and in considering the subjects referred to us we have kept in view the need for securing in the development of reconstruction the largest possible measure of co-operation between employers and employed.

In the interests of the community it is vital that after the war the co-operation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to work people the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous co-operation in the promotion of industry.

To this end, the establishment for each industry of an organization, representative of employers and work people, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community, appears to us necessary.

Many complicated problems have arisen during the war which have a bearing both on employers and work people, and may affect the relations between them. It is clear that industrial conditions

will need careful handling if grave difficulties and strained relations are to be avoided after the war has ended. The precise nature of the problems to be faced naturally varies from industry to industry, and even from branch to branch within the same industry. Their treatment consequently will need an intimate knowledge of the facts and circumstances of each trade, and such knowledge is to be found only among those directly connected with the trade.

That the Committee was careful to avoid antagonizing organized labor or any appearance of wishing to curtail trade union functions is clear.

> As it is of the highest importance that the scheme making provision for these committees should be such as to secure the support of the trade unions and employers' associations concerned, its design should be a matter for agreement between those organizations.

The proposals of the Committee look to the extension of collective bargaining to all industry. The Committee does not purpose, however, that its industrial councils shall interfere with the existing machinery of conciliation boards or other organizations for joint conference between employer and employee. A council would be free, however, if it chose and if the bodies concerned approved, to merge existing committees, etc., in the council or to link them with the council as subcommittees.[1]

The councils, both national and district, as well as the works committees, are to devote themselves, not primarily to disputes, to the fixation of wage scales, the making of specific wage agreements, and the like, but to matters of policy.[2]

Suggested questions for industrial councils and works committees —The questions with which it was suggested that the national councils should deal or allocate to district councils or works committees comprise the following:

> (*i*) The better utilization of the practical knowledge and experience of the work people.
>
> (*ii*) Means for securing to the work people a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

[1] Interim Report, Appendix, question and answer 2. See also section 15 of the Report.

[2] It is interesting to note, however, that one of the first councils actually established—that of the bakery trade—devoted part of its first meeting to wage fixation. Delegates of employers and operatives, present in equal numbers, "dealt with the national demand for a 60s. minimum and a 40 hours week for bakers and confectioners, a pro rata advance to all grades, and corresponding advances to allied workers, including women. The council unanimously fixed a minimum of 55s. for rural districts and 60s. for industrial districts. It was further resolved that the Government ought to consult with the council before taking any steps with regard to establishing national bakeries."—London Times, September 19, 1918.

(*iii*) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

(*iv*) The establishment of regular methods of negotiation for issues arising between employers and work people, with a view both to the prevention of differences, and to their better adjustment when they appear.

(*v*) Means of ensuring to the work people the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(*vi*) Methods of fixing and adjusting earnings, piece-work prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (*iii*).

(*vii*) Technical education and training.

(*viii*) Industrial research and the full utilization of its results.

(*ix*) The provision of facilities for the full consideration and utilization of inventions and improvement designed by work people, and for the adequate safeguarding of the rights of the designers of such improvements.

(*x*) Improvements of processes, machinery, and organization, and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the work people's point of view in relation to them.

(*xi*) Proposed legislation affecting the industry.

The Committee in this Interim Report makes no attempt to say which of these questions should be taken up by works committees.

The Second Report—The Committee's Second Report, on joint standing industrial councils in less highly organized, or altogether unorganized industries, is less certain in touch than the Interim Report. The Committee, in various places in all its Reports, emphasizes and re-emphasizes the point that its plan can be applied only where both labor and capital are organized.

Classification of industries—In this Second Report, the Committee classifies industries into three groups, on the basis of the degree of their organization:

GROUP A.—Consisting of industries in which organization on the part of employers and employed is sufficiently developed to render their respective associations representative of the great

majority of those engaged in the industry. These are the industries which the Committee had in mind in its Interim Report.

GROUP B.—Comprising those industries in which, either as regards employers and employed, or both, the degree of organization, though considerable, is less marked than in Group A.

GROUP C.—Consisting of industries in which organization is so imperfect, either as regards employers or employed, or both, that no associations can be said adequately to represent those engaged in the industry.

The Committee makes essentially the same recommendations for industries in Group B that it made in its Interim Report for Group A. It suggests, however, that "where in these industries a national industrial council is formed there should be appointed one or at most two official representatives to assist in the institution of the council, and continue after its establishment to act in an advisory capacity and serve as a link with the Government." It considers furthermore that in the case of Group B as of Group A, "the members of the national councils and district councils should be representatives of the employers' associations and trade unions concerned." Women should be included in the membership.

As to the industries in Group C, the level of their organization is such as to make the scheme proposed for the other group inapplicable. Pending the organization of these industries by trade unions and employers' associations, the Committee suggests that the trade boards organized under the Board of Trade, which were originally intended to secure the establishment of a minimum standard of wages in certain unorganized industries, should be regarded also as a means of supplying a regular machinery for negotiation and decision on certain groups of questions dealt with in other circumstances by collective bargaining between employers' associations and trade unions. To this end, it recommends that the Trade Boards Act be so modified as to enable trade boards in these industries to initiate and conduct inquiries on all matters affecting the industry concerned. In Group C industries, trade boards should be continued or established, and "these should, with the approval of the Ministry of Labor, be enabled to formulate a scheme for an industrial Council, which might include in an advisory capacity the appointed members of the trade board." Substantially the same proposal is made for unorganized areas or branches of industries in Group A and B.

Briefly, the proposals are that the extent of state assistance should vary inversely with the degree of organization in the industry.

The Government's demurrer—The Government entered a demurrer to the proposals of the Second Report.[1] It would not be

[1] Industrial Councils and Trade Boards: Memorandum by the Minister of Reconstruction and the Minister of Labor, June 7, 1918, Cd. 9085.

desirable for trade boards to undertake the formation of schemes of industrial councils, say the Ministers, because the purpose, structure, and functions of industrial councils and trade boards are fundamentally different.

> The question whether an industrial council should be formed for a given industry depends on the degree of organization achieved by the employers and workers in the industry, whereas the question whether a trade board should be established depends primarily on the rates of wages prevailing in the industry or in any part of the industry.

The Government—although in the opinion of some it has not set a good example in practice by applying the Whitley recommendations to Government departments—stands committed to the policy of the introduction of the Whitley plan in all organized industries (Group A) and, by implication, to partially organized industries under Group B.[1]

Supplementary Report on Works Committees—To co-operative management *within* the plant the Whitley Committee gives specific attention in its third Report, on "Works Committees."[2] The purpose of such committees is there explained as follows:

> Better relations between employers and their work people can best be arrived at by granting to the latter a greater share in the consideration of matters with which they are concerned. In every industry there are certain questions, such as rates of wages and hours of work, which should be settled by district or national agreement, and with any matter so settled no works committee should be allowed to interfere; but there are also many questions closely affecting daily life and comfort in, and the success of, the business, and affecting in no small degree efficiency of working, which are peculiar to the individual workshop or factory. The purpose of the works committee is to establish and maintain a system of co-operation in all these workshop matters.[3]

That there will from time to time arise matters "which the management or the workmen consider to be questions they cannot discuss in these joint meetings," is recognized by the Committee, but it "anticipates that nothing but good will come from the friendly statement of the reasons why the reservation is made."[4]

Recognition of organized labor—The question of works committees in unorganized industries is troublesome. Whether they are

[1] See section 2 of the "Memorandum." Also letter addressed by the Minister of Labor to the Leading Employers' Associations and Trade Unions, October 20, 1917, published in Industrial Reports, No. 1, 1917. Reprinted in Reports on Reconstruction from English Sources, by the Emergency Fleet Corporation, 1918.

[2] Supplementary Report on Works Committees, October, 1917.

[3] Section 2.

[4] Section 7.

to be recommended, the Committee thinks, is a question which calls for very careful examination.[1]

> Our proposals as a whole assume the existence of organizations of both employers and employed and a frank and full recognition of such organizations. Works committees established otherwise than in accordance with these principles could not be regarded as a part of the scheme we have recommended, and might indeed be a hindrance to the development of the new relations in industry to which we look forward. . . .
>
> We think it important to state that the success of the works committees would be very seriously interfered with if the idea existed that such committees were used, or likely to be used, by employers in opposition to trade unionism. It is strongly felt that the setting up of works committees without the co-operation of the trade unions and the employers' associations in the trade or branch of trade concerned would stand in the way of the improved industrial relationships which in these reports we are endeavoring to further.
>
> In an industry where the work people are unorganized, or only very partially organized, there is a danger that works committees may be used, or thought to be used, in opposition to trade unionism. It is important that such fears should be guarded against in the initiation of any scheme. We look upon successful works committees as the broad base of the industrial structure which we have recommended, and as the means of enlisting the interest of the workers in the success both of the industry to which they are attached, and of the workshop or factory where so much of their life is spent. These committees should not, in constitution or methods of working, discourage trade organizations.[2]

The Report on Conciliation and Arbitration—In January, 1918, the Whitley Committee signed its fourth report, on Conciliation and Arbitration.[3] The report was not published, however, until June 14. It was prepared in the belief that some attention should be given "to the cases in which the parties may desire voluntarily to refer some difference that has arisen to arbitration and conciliation," even where industrial councils exist. The Committee specifically disclaims any intention, however, "to express any views on the extent to which disputes can be equitably or satisfactorily settled in this way."

Compulsory arbitration opposed—The Committee pronounces definitely against any system of compulsory arbitration, on the grounds

[1] Second Report, Section 14.

[2] Supplementary Report on Works Committees, sections 3-5.

[3] Cd. 9099 (in substitution of Cd. 9081). This is reprinted in "Reports on Reconstruction from English Sources," published by the Emergency Fleet Corporation, Philadelphia, 1918.

that it is not generally desired by employers and employed, that it has not proved a successful method of avoiding strikes during the war, and that it would be less likely to be successful in time of peace. It also pronounces against any scheme of conciliation which would suspend a strike or lock-out pending an inquiry.

Industrial councils to co-operate with existing conciliation machinery—It advocates the continuance, however, of the present machinery for voluntary conciliation and arbitration, and hopes that the setting up of joint industrial councils (on the lines recommended in the earlier reports) will tend to the growth of such machinery. It considers that there should be means for holding independent inquiry into the circumstances of a dispute and for making an authoritative pronouncement on it without the compulsory power of delaying the strike or lock-out. Its main constructive suggestion is that a Standing Arbitration Council should be established on the lines of the present temporary Committee on Production. To this council disputants would be able voluntarily to refer such differences as they themselves cannot settle.

It is suggested, however, that single arbitrators should be available for less important cases, which could be heard locally. It is further suggested that the Standing Arbitration Council should take means to secure the co-ordination of arbitrators' decisions. The Committee is opposed to the enforcement of awards and agreements by means of monetary penalties.

Final Report—On June 14, 1918, the Whitley Committee presented its final Report,[1] having come to the conclusion that if it was to undertake further inquiries, there would be a considerable amount of overlapping, either with the work that is now being carried on by the Central Departments or with the duties and functions of the industrial councils.

The Report does not very much more than summarize the main conclusions of the four preceding Reports. It does, however, emphasize the urgency of action on the lines of the previous Reports. The Committee says that there is pressing need, in every organized industry, of representative councils, and it looks forward to a continual growth of the use of such machinery when its efficacy has been proved by experience.

On the question of the adoption of schemes of profit sharing and co-partnership, the Committee says that it has considered the evidence at present available, and has felt bound to come to the conclusion that it does not justify putting forward any general recommendations. In pointing out that the recommendations it has made have the effect of conferring upon joint industrial councils and industries a large measure of self-government, the Committee adds that many of the subjects

[1] Cd. 9153.

which might perhaps have been suggested as forming objects of inquiry by it are matters which can more usefully and profitably be considered by joint organizations composed of those actually concerned by various trades.

Five of the members of the Committee—Mr. Clynes, Mr. J. A. Hobson, Miss Susan Lawrence, Mr. J. J. Mallon, and Miss Mona Wilson—while approving of the general scheme, sign a note attached to the Report, which expresses their view that, though the amicable relations established between capital and labor by the introduction of industrial councils or trade boards are favorable to industrial peace and progress, a complete identity of interests cannot be effected and that "such machinery cannot be expected to furnish a settlement for the more serious conflicts of interests involved in the working of an economic system primarily governed and directed by motives of profit."

3. The Government and the Whitley Recommendations.

The Interim Report submitted to employers' associations and trade unions—The Interim Report reached the Government as a confidential document in March, 1917. It met with universal approval and high hopes were extended as to the benefits which might result from the adoption of a system of national industrial councils and works committees which it recommended. It was decided at that time to circulate copies of the Report to trade unions and employers' associations throughout the country. In July, 1917, this was done, and opinions and criticism asked for.

The circular letter submitting the Report contained a model constitution[1] for the councils, and a statement outlining the functions which it was hoped the councils would fulfill. These are as follows:

> 1. To secure the largest possible measure of joint action between employers and workpeople for the development of the industry as a part of national life and for the improvement of the conditions of all engaged in that industry.
>
> It will be open to the council to take any action that falls within the scope of this general definition. Among its more specific objects will be the following:
>
> N. B.—It is not possible and it is not the intention of the minister to suggest any hard and fast policy as to what should constitute the functions of an industrial council. This is a question which the employers and work people in each industry must settle for themselves in their preliminary conferences in the light of their special needs and conditions.
>
> 2. Regular consideration of wages, hours, and working conditions in the industry as a whole.

[1] This is reprinted in Appendix I.

N. B.—In some cases a joint industrial council will contain representatives of a number of trades which have been accustomed in the past to deal with such questions as wages, hours, etc. through their already existing organizations. To meet such cases the following clause has been inserted in one of the draft constitutions: "Provided, That where any such matters have in the past been dealt with separately by any organization, such matters shall not be dealt with by the council as far as that organization is concerned without the consent of the representatives of that organization."

3. The consideration of measures for regularizing production and employment.

4. The consideration of the existing machinery for the settlement of differences between different parties and sections in the industry, and the establishment of machinery for this purpose where it does not already exist, with the object of securing the speedy settlement of difficulties.

5. The collection of statistics and information on matters appertaining to the industry.

6. The encouragement of the study of processes and design and of research, with a view to perfecting the products of the industry.

7. The provision of facilities for the full consideration and utilization of inventions and any improvement in machinery or method, and for the adequate safeguarding of the rights of the designers of such improvements, and to secure that such improvement in method or invention shall give to each party an equitable share of the benefits financially or otherwise arising therefrom.

8. Inquiries into special problems of the industry, including the comparative study of the organization and methods of the industry in this and other countries, and, where desirable, the publication of reports.

9. The improvement of the health conditions obtaining in the industry, and the provision of special treatment where necessary for workers in the industry.

10. The supervision of entry into, and training for the industry, and co-operation with the educational authorities in arranging education in all its branches for the industry.

11. The issue to the press of authoritative statements upon matters affecting the industry of general interest to the community.

12. Representation of the needs and opinions of the industry to the Government, government departments, and other authorities.

13. The consideration of any other matters that may be referred to it by the Government or any government department.

14. The consideration of the proposals for district councils and works committees put forward in the Whitley report, having regard in each case to any such organizations as may already be in existence.

NOTE—The following have also been included among the functions in some of the provisional constitutions which have been brought to the notice of the ministry of labor:

(*i*) The consideration of measures for securing the inclusion of all employers and work people in their respective associations.

(*ii*) The arrangement of lectures and the holding of conferences on subjects of general interest to the industry.

(*iii*) Co-operation with the joint industrial councils for other industries to deal with problems of common interest.

Meanwhile the arising tide of industrial unrest, which had for two years been causing grave concern in England, received further official recognition in June, 1917, in Lloyd George's appointment of the Commission of Inquiry into Industrial Unrest. The Ministry of Labor submitted the Interim Report to the eight industrial unrest subcommissions, who quickly got it before a large number of employers and labor officials. Seven of these sub-commissions were emphatically in favor of the Whitley proposals. The other did not refer to it. By October the replies from the trade unions and employers' associations had been received and tabulated. Most of the answers were overwhelmingly in favor of the adoption of the principles of the Whitley Report. A great majority of the trade unions were in favor of the Report, and hardly any were absolutely averse, though several made various criticisms or reservations.

October letter of the Minister of Labor—Backed thus by public opinion and the adherence of organized labor and the employers' associations, the Government gave instructions to the Minister of Labor to take immediate action to carry out the scheme outlined by the Report. Mr. George H. Roberts, the Minister of Labor, accordingly addressed, on October 20, 1917, a letter to the leading employers' associations and trade unions explaining the Government's intentions and purposes with regard to the formation of industrial councils.[1]

No increase of State control—Mr. Roberts sets at rest certain unfounded fears. In the first place, the proposal to set up industrial councils does not indicate an intention to introduce an element of State

[1] This letter is reprinted in "Reports on Reconstruction from English Sources," United Whitley Committee's Fourth Report, on Conciliation and Arbitration.

interference which has heretofore not existed in industry. The formation and constitution of the councils must be principally the work of the industries themselves and must depend upon a general agreement among the various organizations within the industry and a clearly expressed demand for the creation of a council. *When formed, the councils are to be independent bodies, electing their own officers, and free to determine their own functions and procedure with reference to the peculiar needs of each trade.* It is Mr. Roberts's opinion that they will make possible a larger degree of self-government in industry than exists today.

Rigidity of organization not intended—Secondly, the scheme is not intended to be inelastic. "To anyone with a knowledge of the diverse kinds of machinery already in operation, and the various geographical and industrial conditions which affect different industries, it will be obvious that no rigid scheme can be applied to all of them."

Councils not to usurp functions of employers' associations and trade unions—Third, the councils are not intended in any way to displace existing organizations. On the contrary, "representation on the industrial councils is intended to be on the basis of existing organizations among employers and workmen concerned in each industry, although it will, of course, be open to the council, when formed, to grant representation to any new bodies which may come into existence and which may be entitled to representation."

Compulsory arbitration not desired—Lastly, the suggestion that the scheme is intended to promote compulsory arbitration is unfounded. "Whatever agreements may be made for dealing with disputes must be left for the industry itself to form and their efficacy must depend upon the voluntary co-operation of the organization concerned in carrying them out."[1]

Need of an industrial board with which the Government may consult in each industry—Passing to the "reasons which have made the Government anxious to see industrial councils established as soon as possible in the organized trades," Mr. Roberts points out the need for frequent consultation between the Government and the chosen representatives of both employers and workmen on vital questions concerning industries. "The Government desires it to be understood," he says, "that the councils will be recognized as the official standing consulting committee to the Government on all future questions affecting the industries which they represent and that they will be the normal channel through which the opinion and experience of an industry will be sought on all questions with which the industry is concerned. It will

[1] This disavowal of compulsory arbitration is confirmed, as above indicated, in the Whitley Committee's Fourth Report, on Conciliation and Arbitration.

be seen, therefore, that it is intended that industrial councils should play a definite and permanent part in the economic life of the country." In concluding, Mr. Roberts emphasizes the pressing need for the organization of industrial councils in each organized industry at as early a date as possible. The motives to this appeal are to be found in a desire first to allay industrial unrest during the war, and secondly, to be prepared with a machinery which can meet effectively the industrial problems of the reconstruction era, especially the problem of efficiency and ability to meet intense foreign economic competition after the war. This urgent need for speedy progress in the movement has been again and again emphasized by the Minister of Labor and the Minister of Reconstruction.

4. Progress of the Formation of Industrial Councils

Actual progress in the formation of joint industrial councils has been remarkably rapid, considering the importance of the step. Speaking before a meeting of the National Union of Journalists on August 24, 1918, Mr. Roberts announced that up to that time nine councils had actually been formed, nineteen were in progress of formation, and twenty in other trades were in preliminary stages.

The industries in which councils had been formed by July include the pottery industry, the building industry, heavy chemicals, gold, silver and kindred trades, rubber and silk, baking, and furniture. At that time progress had been made in the cable-making industry, commercial road transport, belting, machines, and vehicle building. A constitution for the printing industry had been drafted, but not yet sent out to the associations concerned for approval.

In the case of five industries; namely, bobbin manufacture, boot and shoe manufacture, electricity (power and supply), metal engraving, and the woolen and worsted industry, conferences had taken place and had approved the drafting of a constitution. It is impossible at this time and distance to say just how many industries have actually established councils, and copies of their constitutions are not at hand, with the exception of that of the council of the pottery industry, which was the first formed.[1] This council consists of sixty members equally representative of employers and operators. Its first meeting was held on January 11, 1918, and was attended by the Minister of Labor and Minister of Reconstruction.[2] The council is empowered to deal with wages and selling basis, regularization of production, improved conditions of labor, betterment of the health of workers, technical education, study of trade union processes, facilities for invention, the collection of market statistics and information, and suggestions to local and governmental authorities in the interest of the industry.

[1] For form of Constitution recommended by the Ministry of Labor, See Appendix II.

[2] See United States Bureau of Labor Statistics, *Monthly Review*, April, 1918., pp. 234-236.

Councils for public utility industries—The industrial council idea has not only pervaded the field of private industry, but has also found entrance into municipal enterprise. Representatives of municipal and private water undertakings met in September, 1918, and agreed to form a joint industrial council.[1] The principles of the Interim Report have been approved by the Association of Municipal Corporations, and the establishment of councils is under consideration for the gas, electricity, tramways, and non-trading municipal services.[2]

Demand for councils in government departments—There has been an insistent, and not illogical demand, also, that the Government indicate its faith in its own proposals by adopting the Whitley principles in the governmental departments. There is indication that the Government was not unanimous on the matter of establishing Whitley councils in the various departments. In December, 1917, Mr. Bonar Law, answering a question in the House of Commons, stated that the matter was receiving consideration, and that the Government fully realized the importance of setting an example. During the discussion of the postoffice budget in the House of Commons on June 12, 1918, several labor members advocated establishing some kind of joint council in that service. Replying to these members, the Assistant Postmaster General said that the matter was to come before the cabinet in a very short time. It was felt that the movement would receive great impetus should the postoffice establish a joint industrial council. The Ministry of Labor was inclined to the belief that Government action, as in the postoffice case, was necessary before full confidence could be established in the trades. The common idea seemed to be that the postoffice offered an exceptionally good opportunity to try out the scheme, as, generally speaking, the employees are mostly of an educated class somewhat above the average.[3]

The Government, however, while urging other employers to set up joint councils to give workers a part in management, still held off from setting the example. In July, 1918, in a Parliamentary debate on supply, the Government was pressed to adopt the council system for the postoffice. Mr. Bonar Law, again replying to Mr. Roundtree, announced that "the War Cabinet has decided to adopt in principle the application of the recommendations of the Whitley Report with the necessary adaptations to government establishments where the conditions are sufficiently analogous to those existing in outside industries." It had been decided also, he said, that an inter-departmental committee, presided over by the Minister of Labor, and composed of representatives of the departments concerned should be set up to consider what modifications were necessary.[4]

[1] London Times, September 19, 1918.
[2] Round Table, September 18, 1918, p. 823.
[3] United States Bureau of Labor Statistics, *Monthly Labor Review*, August, 1918, p. 80.
[4] London Times, July 5, 1918.

Later in July a conference of representatives of all branches of civil service was held to demand the application of the Whitley recommendations to government departments. A resolution asking that a national council should be set up to deal with matters common to the whole service was adopted. The report of a sub-committee was presented, suggesting that the civil service might favorably consider the setting up of a national council for the service, with councils in each department, and a special sub-committee for the Treasury. A resolution expressing regret that the Prime Minister had not acceded to the request put forward by the sub-committee was also carried.[1]

The actual procedure worked out in the postoffice and by the Admiralty seems to have been far from satisfactory to the public. In both departments, schemes were finally set up which were unlike the Whitley plan, primarily in that they do not make the trade unions the organs of the industrial councils and committees established. Speaking in Portsmouth at a conference of employers and workmen, Mr. J. J. Mallon said that it was profoundly disappointing, after the Government had emphatically blessed the Whitley Report, that one of its own departments should thus deliberately put it aside. The Admiralty's scheme for the setting up of shop committees and a yard committee in every royal dockyard and other naval establishments, he said, was unlike the Whitley Report in function, constitution, and procedure. The Secretary of the National Alliance of Capital and Labor, in a letter to the Times, June 21, 1918, expressed the opinion that the failure of the Admiralty to recognize the trade unions in connection with the scheme they are endeavoring to carry out for the creation of Whitley committees in the dockyards, and the delay on the part of the Postmaster General in applying the Whitley scheme to the great organization under his control, are two very disquieting signs to those who realize the vital necessity of a genuine reconstructive program. The Times itself in an editorial expressed some impatience. Thus the slowness and uncertainty manifested by the Government, and especially the failure to follow the Whitley recommendations and incorporate the trade unions into the plan, called forth not a little adverse criticism.

It would not be worth while to give thus much attention to the question of councils in the government departments did not the criticism of the Government's failure to take quick and favorable action indicate how ready, and even anxious, the English public is to have the Whitley program go through without delay or equivocation.

5. Criticisms of the Whitley Plan

Criticisms of the Whitley plan have not been many, nor in any case drastically adverse.

[1] London Times, July 29, 1918

Might mean compulsory arbitration—Mr. H. Luberry, of the Fawcett Association, at a meeting of the Trade Union Congress, September 5, 1917, expressed apprehension of one danger in the Whitley councils. Should the workmen's representatives come out of a joint council with something which did not satisfy the men, the men's representatives could not, in fairness, countenance the use of the old trade union method of the strike. In that way, he thought, the system might practically lead to a system of compulsory arbitration.[1]

To this fear the Whitley Committee's Report on Conciliation and Arbitration seems sufficient answer.

The advocates of compulsory arbitration, of a type suggested by the Canadian Industrial Disputes Act, are to be sought in other than governmental quarters. The Federation of British Industries—an organization similar to the Chamber of Commerce of the United States—in a pamphlet issued August 3, 1917,[2] is of the opinion that:

> Provision of methods for preventing or settling differences is almost as important as provision of facilities for co-operative action, and . . . if no strike or lockout could take place until the question had been submitted to final arbitration by a truly national council of employers and employed, there would be good grounds for hoping that the time for reflection afforded and the pressure of popular opinion would insure the loyal adoption of the award.

Some fear has been expressed in various quarters, also, that the Whitley scheme was preparation for the continuation of government interference in industry, though it is hard to see how any such fear could legitimately be derived from the Committee's reports. Mr. Roberts, as we have seen, in his letter of October 20, 1917, formally disavowed any such intention.

Technical experts and office force not represented—Another, though minor, criticism is that the scheme of councils and works committees does not leave any place in the government of the industry for the professional engineers and technical experts, or for office employees. Speaking of the council established in the silversmith and allied industries, a correspondent in "Engineer," August 18, 1918, said:

> This council affects one of Sheffield's oldest industries, but whilst the employers are represented on it to the extent of seventeen members and the trade unions concerned to the same extent, there is not the slightest representation of the higher members of the administrative and clerical staffs. I know, as a matter of fact, that these men are unrepresented, and as the constitution of all the Whitley councils will be virtually identical, there seems to be a

[1] London Times, September 6, 1917.

[2] Industrial Councils, Recommendations on the Whitley Report. See United States Bureau of Labor Statistics, *Monthly Labor Review*, October, 1918, pp. 44-47.

danger of overlooking, throughout the industrial system, a body of men occupying important positions who should be assured of representation. In the Sheffield case quoted there is an extensive Silversmiths' Staffs Guild. It is not a trade union, but was formed for improving the status, knowledge, and usefulness of managers and administrative staffs generally. Yet this body was never once consulted in any way about the constitution of the joint industrial council, in the deliberations of which it will consequently have no voice. Its members are, generally speaking, managers—that is, they are not employers—but in the event of a strike or of any trouble between the employers and employees, they are expected to, and of course invariably do, stand loyally by the former. For that very reason, whilst they are not employers, but representatives of them, they are outside the pale of the trade unions, and under the Whitley scheme they appear to be outside the pale of everything.

Another correspondent in "Engineer" August 30, 1918, attributed the exclusion of technical men and office help to "the strong trade union element embodied in the Whitley Committee." It is possible that a real weakness in the Whitley plan is here pointed out (though it can hardly be said to be due to excessive trade union influence); industrial democracy would demand that all who are concerned in an industry should have a voice in its government.

In giving technical experts and office force representation, however, care would have to be taken that the employers did not get double representation on the councils.

The interests of the consumer endangered—Another possible objection to the council plan has to do with the relation of the industry to the consuming public. Looking ahead, it is possible to see that joint councils of employers and employees, if they succeed in reaching a common basis of good will and industrial solidarity, might conspire to raise profits and wages unduly and charge the bill to the public in higher prices. This possibility was evidently in the mind of Dr. Addison, Minister of Reconstruction, in remarks made at the first meeting of the national council of the pottery industry. While capital and labor needed to be organized for mutual protection and development of their industry, he said, they must not be hostile to the public. Employers and employed must not be parties to an unholy alliance at the expense of the consumer. Such a system could not last. They wanted the three sections—employer, employed, and the consuming public—united in a great bond of understanding and mutual well-being that would be promoted by national councils.[1]

There is no need to worry about this point, however, at least until experience demonstrates that labor and capital can be so harmonized

[1] London Times, January 12, 1918.

by joint counselling that they threaten to exercise, together, a monoply power. The probabilities are much against any great danger in this direction. We must in any case probably come to far greater control of prices as a regular thing than we were accustomed to before the war. If this regulation is not done on an equitable and reasonable basis by the industries themselves, reducing competitive wastes in advertising, multiplication of styles and patterns, and duplication of effort, it will probably be done by governmental action; if the industry itself is to regulate prices, rather than leave them to the anarchy of competition, it will be better that labor should have a voice in the matter and that the machinery to that end should be developed as quickly as possible. Meanwhile we may remember that the government is ever watchfully in the background to remind an unfair industry of its sins.

The National Alliance of Employers and Employed—The criticisms above noted have been only sporadic. An association has recently been formed, however, which seems disposed to set up something in the nature of an organized opposition to certain features of the Whitley plan. This is the National Alliance of Employers and Employed. It was established at the end of 1916, "as the result of a movement which aimed at securing an improvement in the relations between capital and labor." It is thus an unofficial contemporary of the Garton Foundation and the Whitley Committee.

A statement of its purposes and activities appeared in the Times, November 31, 1917.

Its constitution provides for the personal and financial support of the Alliance to be given by employers' association and trade unions on an equal basis. The executive responsibilities of the organization are to be equally shared by both sides. Members of the general public who sympathize with the objects of the organization may become subscribing members for a small sum.

Its principles—The program of the Alliance was drawn up by a joint committee of employers and workmen. It pledges the members to endeavor to secure improvement in industrial conditions on the following lines:

1. A living wage for all workers.
2. Regulation of the hours of work, especially in arduous occupations.
3. Adequate wages for women, and equal rates with men if work, skill, and output are equal.
4. Improved workshop conditions.
5. Satisfactory housing accommodation for workers.
6. Encouragement of workers to take an interest in the efficiency and success of the works in which they are employed.

7. The establishment of joint committees in works to consider the interest of the industry.

8. Maximum output with maximum pay.

9. Continuity of employment in slack times.

10. The encouragement of trade unionism and adherence to agreements.

11. The liberal education and technical training of children.

The basis of equal responsibility and equal administrative authority of employers and representatives of labor in any proposal put forward by the Alliance and in carrying out its work, is the salient feature of the movement.

The Alliance is the result of the work of a small committee, which for some months did not include any employer of labor. In September, 1916, four well-known employers met four leading trade unionists at conferences which led to the production of a scheme unanimously adopted when the Alliance was first founded.

Public conferences and meetings of employers and workmen have since been held to consider the desirability of establishing joint committees of employers and employed in equal numbers affiliated to the Alliance to carry the objects embraced in this scheme into effect.

Committees have been established in many places. These committees are represented in the Central Council of the Alliance by an employer and a workman acting together. The Central Executive Committee and the General Committee of the Council, in addition to representatives from the districts, have formed committees comprising the official representatives of nine trade unions and of the Federation of British Industries and Associated Chambers of Commerce of the United Kingdom. Prominent members of many other large employers' federations are active supporters and executive members of the employers' side of the Alliance. It is stated that the movement has received the warm support of the rank and file of the workers in all of the important industries.

Points on which the National Alliance criticises the Whitley proposals—The National Alliance takes issue with the Whitley proposals on three main grounds: First, that they are not broad enough in their scope, in that they do not provide for a council inclusive of *all* industries in a given district, which would discuss a broader list of matters than the Whitley councils will attend to; second, that the Whitley councils will not be able to create the new spirit of good will and co-operation needed, but will simply continue on a larger basis the conflict-attitude of the hostile camps of labor and capital; third, that the Whitley plan will involve the continuance of state control, which should be removed from industry as soon as possible. "After-war

industry," says Mr. A. H. Patterson, Secretary of the Alliance, "must have self-government, and the basis of that self-government must and can be arrived at by the representatives of employers and employed working together with an equality of representation and free from outside interference. There are three parties concerned—capital, labor and the community. The rôle of the State must simply be that of a policeman guarding the interests of the community."[1]

The Alliance welcomed the Whitley Report, Mr. Patterson continues, "as a step (though only a step) in the right direction, but we have consistently urged," he says, "the inadequacy of those proposals in that they are neither wide enough in their scope nor do they sufficiently realize that industrial reconstruction must be a matter for industry itself and not for state departments."[2]

The Alliance's positive program seems admirable, but it is difficult to believe that in its cry for *laissez faire* it is not barking up the wrong tree. It is open to question whether there is so great a difference between the ideals of the Alliance and those of the Whitley Committee as the Alliance thinks. Certainly the implication that the Whitley plan means "industrial reconstruction by state departments" is not borne out by the Whitley Reports and the statements of the Government.

The Industrial Reconstruction Council—While the Alliance is crying to the Government, "Hands off," another voluntary organization, the Industrial Reconstruction Council, is calling on the Government for more speed and more activity in bringing employers and employed together.

This organization had its origin in an important manifesto issued on October 10, 1917, called *"The Olive Branch to Labor,"* bearing the signatures of more than forty well-known business men and university professors and of a still larger number of officers of trade associations.[3]

Like the National Alliance of Employers and Employed, the Industrial Reconstruction Council preaches the doctrine of self-government for industry and the reconstruction of industry by industry itself.

At present the interest of the Council is centered in the formation of joint industrial councils, this being considered the first step toward the goal in view. Through literature and newspaper propaganda, lectures, and other public meetings, it is spreading the gospel of co-operative management. Its work has been recognized by the Government and it is working in close relation with the various government departments.[4]

[1] Letter in London Times, October 21, 1918.

[2] See also an interesting exposition of the Alliance's position, by its Trades Union and Labor Organizer, Mr. T. Earnest Jackson, in the *Spectator,* September 28, 1918.

[3] London Times, October 10, 1917. For the main content of the "Olive Branch to Labor" see Appendix II.

[4] United States Bureau of Labor Statistics, *Monthly Labor Review,* September, 1918, pp. 64-66.

The Council feared that the opportunity to bring labor and capital together was of an evanescent character. In its announcement (October 10, 1917) it said:

> The opportunity for the course which we suggest will pass with the war, as the relations between the Government and trade are then expected to become less intimate. We, therefore, press for the acceptance of the following principle:
>
> > That any commercial or industrial matter ought not to interest the Government unless it interests both labor and capital, and the consequent adoption of the following policy:
> >
> > That the Government will undertake to obtain and wherever possible accept advice on these matters from bodies equally representative of both labor and capital.

The Federation of British Industries—Another organization which has considered the Whitley Report is the *Federation of British Industries*. This body is a powerful combination of employers' associations, firms, and individuals. Its membership represents over 9,000 firms in every trade and industry, and on its central council are represented 75 per cent of the important industries of Great Britain, employing between three and four million workmen and having a capital of over £2,000,000,000.[1] One of the objects of the Federation is stated to be:

> The promotion and encouragement of free and unrestricted communication and discussion between masters and workmen with a view to the establishment of amicable arrangements and relations between masters and workmen, and to the avoidance and settlement of strikes and all other forms of industrial warfare between masters and workmen.

Like the National Alliance of Employers and Employed, the Federation is somewhat skittish in the presence of Government interest in industrial organization. While admitting and suggesting "that the Government ought to go far to recognize, and give an official standing to, organizations representative of employers and work people, respectively, and to encourage the development of such organizations," the Federation thinks "it will be readily admitted that the construction of an organization on the line suggested is a delicate matter" and "notes with satisfaction . . . that it is not contemplated that the Government shall actively interfere." It holds that it is most important that there should be no suggestion whatever of Government pressure or coercion and that each particular trade should be free to build up its own organization voluntarily and on lines best suited to its peculiar needs.

[1] United States Bureau of Labor Statistics, *Monthly Labor Review*, October, 1918, p. 44.

Its proposals—The Federation suggests a system of councils different and somewhat more extensive in scope than those in the Whitley Committee's mind, but with less positive aims and functions so far as co-operative management between employers and employees is concerned. It is proposed that the basis of the scheme should be:

(1) *Trade councils* of masters and men, that is to say, that each trade or section of an industry should form a council representative of the employers' organization or organizations, and of the trade union or trade unions concerned with such particular trade or section of an industry. This council should have the power of dealing with agreements of all kinds and any other matters appropriate to the particular trade or section of industry.

(2) *District councils,* if set up, would be of main value in constituting "a court of arbitration in the case of any differences between employers and employed in the trade in the district, having regard to the general and any peculiar conditions obtaining in that district." The Federation is opposed to devolving any constructive work upon district councils or works committees.

(3) Above the trade councils it proposes the institution of *councils of industry* consisting of representatives of employers and employed in each group of trades forming an industry. (4) Finally, over all, there should be a *national industrial council* consisting of the representatives of the employers and employed in *all* industries.

Attitude toward works committees—With regard to the functions of works committees the Federation takes a conservative position. In the first place, it holds that they should be entirely voluntary in the case of each individual firm and not in any way officially constituted—an opinion with which no issue need be taken. Secondly, they should consist, the Federation holds, entirely of representatives of the employees. Apparently the Federation is unwilling to countenance the organization of joint works committees. Third, where instituted, their duties should be confined to "reporting to, or receiving from, the management complaints regarding breaches of any agreements which may have been made between the employers and employed." Thus, in the Federation's opinion, works committees should be nothing but grievance committees; those positive functions which the Whitley Committee, the Ministry of Labor, and employers like Mr. Renold look upon as a legitimate, and indeed, the fruitful, field for committee action, are apparently either left out of account or regarded with disfavor.

The tone of the Federation's Report on industrial councils seems to indicate that the Federation is not so much interested in positive co-operative management as it is in the conciliation and arbitration of industrial disputes:

> The councils of industry and the national industrial council would provide suitable courts of appeal from the trade councils in cases of differences between employers and employed of any trade dispute which cannot be settled by the trade council. It is not necessary to suggest exact details of procedure, nor is it intended to interfere in any way with existing conciliatory boards or other arrangements for settling disputes, but rather to build up similar organizations in industries where they do not at present exist or only to supplement existing organizations.

In general, the Federation holds that "underlying these suggested councils should be the centralization of policy and the decentralization of administration." Further, that consideration of general questions should be left to the national industrial council, "which should delegate to the councils of industry, and possibly to the trade councils, the consideration of matters of peculiar trade interest in such cases as the national industrial council may think desirable." The final decision of all matters of general policy should be taken by the national industrial council after providing reasonable opportunities of criticism on the part of councils of industry and trade councils. Nothing in this suggestion, however, is intended to prevent trade councils or councils of industry from initiating the consideration of any matter of general interest.

While the pronouncement of the Federation does not show any enthusiasm for works committees it is important to note that all the proposed councils are composed of representatives of trade unions and employers' associations. This is an additional indication that plans for the organization of British industry are on a scale, and projected with a thoroughness, not possible as yet to contemplate for this country. It also indicates that quite as much attention is being given to the organization of industry from the top as to the institution of co-operative management in individual plants, and that British employers, in an organization comparable in its scope and function to the Chamber of Commerce of the United States, are not only freely admitting that labor should have a voice in industrial management, but are laying plans by which that voice may be heard.

Despite the fact, also, that its own proposals are somewhat different from those of the Whitley Committee, at a meeting held early in November, 1918, the Federation unanimously adopted a motion recording approval of the general principles underlying the Interim Report and inviting the group and sub-group committees of the Federation to consider how those principles could be adopted in their own industries.[1]

[1] Electrician, November 8, 1918, p. 581.

6. The Government's Purpose.

There are clear intimations not only in the Whitley Reports themselves, but in the October letter of the Minister of Labor, as well as in other official utterances, that the Government had in view no fleeting or superficial end in making the proposal for co-operative management; and the publications of the various voluntary associations above mentioned indicate that the aims of the Government were also in a general way those of the public at large.

The first purpose is to provide a means of preventing the rise of industrial disputes and of settling amicably and without cessation of production such disputes as do arise.

The second is to recognize the right of the worker to a voice in industrial government.

The third desire is to place industries in position where the Government control which has necessarily developed during the war can be withdrawn with safety to all concerned. Far from intending an increase in governmental interference, the opposite is the case. Dr. Addison, Minister of Reconstruction, in an address before a meeting of employers' associations and trade unions in the leather goods industries, April, 1918, said that the Ministry wished control to devolve upon industry itself. The objects of the Ministry, he said, were directed to one end—to promote the restoration of the industry as quickly as possible after demobilization. The Government wanted the industry—and this may be named as a fourth purpose—to have ready an organization of responsible men who could make representations to the Board of Trade regarding their industry, and hoped that such an organization would be a permanent feature.[1] Speaking before the first meeting of the National Council of the Pottery Industry, January 11, 1918, Dr. Addison suggested that after the war the question of rationing raw material and machinery would arise. This could be more effectively done by the industries themselves if fully organized with district and national councils than by the government.[2]

But underlying all these desires undoubtedly rests the conviction that co-operative management and industrial solidarity are necessary to the development and maintenance of the highest degree of industrial efficiency, which will be necessary if England is to hold her own in post-bellum commercial competition. Sir Albert Stanley, President of the Board of Trade, at the meeting of the leather industry above mentioned, said that the experience of the past would be of little advantage in facing the conditions of the new world, and there must be an organization of industry and trade to deal with problems as they arose. However keen competition was before the war, it was nothing

[1] London Times, April 13, 1918.
[2] London Times, January 12, 1918.

compared with the competition which would arise after it. The Government was prepared to do its share in promoting co-operation, and employer and employed must act together, breaking away from the old traditions of secrecy and letting the employees understand the problems of their trade. If the workers knew what was coming, they would be a long way on the road towards the elimination of strikes. If employers and employees would form a small committee representative of their interests, he would undertake on behalf of the Board of Trade to keep that committee fully advised on all matters on which their industry desired information. Mr. Roberts, at the same meeting, said that all plans for the re-establishment of trade would be doomed to failure unless they established harmonious relationship between employers and employed. The joint industrial councils were necessary not only to employers and employed, but to the State. Unless they acted together, other people would get the trade which should come to England. In the past fiscal and other matters had been made party questions. That was entirely wrong, and he could conceive that modifications were necessary. When representative trade bodies proved to him there was such a necessity, he cared not for party label or party cries, and would say, "Let us serve the interests of our trade, because it represents the highest interest of the State as a whole."[1]

[1] London Times, April 13, 1918.

Chapter IV. Works Committees

1. Nomenclature

The terms "works committee" and "shop committee" have been used interchangeably and rather loosely. So used, either is applied to any committee of workmen or composite committee of representatives of workmen and of employers, which deals with works organization, processes, and other matters pertaining to the mutual interests of employees and employer. The term "shop committee," however, should be applied only to committees representing the men in a given shop or department of a plant, *e. g.,* the machine shop, the foundry, or the erecting department. Where the men of a given trade in a shop or a whole plant organize a committee to look after their particular craft interests, such committee should be called a "craft committee." The term "works committee" may be used in both a generic and a specific sense; generically, to cover any committee of workmen, or of workmen and employers, in a plant; and specifically, to designate the one committee which may be instituted (regardless of whether shop and craft committees are in existence) to represent all the shops, trades, and interests in the plant.[1] There is also some confusion in the use of the term "joint committee." The awards of the Macy Board which provide for the establishment of committees call a works committee made up of craft committees a "joint shop committee," because it represents all the crafts jointly. Another, and better, use of the term "joint" confines it to committees upon which both employers and employees are represented. This seems to be the ordinary English usage.

2. The Origin and Development of Works Committees

Organized labor—It is evident that the institution of shop or of works committees will be easiest where both employers and workmen are already accustomed to collective action through trade union organization. This fact explains the comparatively large number of works committees in English establishments, and their paucity in American industry. The English employer has learned to accept and to recognize organized labor. It is safe to say that, as a result, the relation

[1] What the Shipbuilding Labor Adjustment Board (the "Macy Board") has designated as a "joint shop committee," the English more properly call a "works committee," in the specific sense. See, for illustration, the fifth section of the Macy Board's decision and award for the North Atlantic and Hudson River Shipyards, April 6, 1918, and Section IV of the Decision as to Wages, Hours and Other Conditions in Atlantic Coast, Gulf, and Great Lakes Shipyards, October 1, 1918. The same section is also in the Decision for the Pacific Coast Shipyards, same date.

between the average English corporation and its employees is on the whole healthier in tone than is the case in the United States. While more radical in its demands, and with greater political adhesion and power than American labor, English unionism has been, on the whole, more conservative in its methods. Peaceful collective bargaining and opportunity for the development of co-operative effort between employers and employees are further developed in England than in this country. This fact, together with the grave industrial situation produced by the war, has played an important part in the development of the strong movement, now in full swing, for works committees and industrial councils in England. The unions, the employers' associations, and the Government, as well as private associations, as we have seen, have helped the movement along.

Works committees have evolved naturally out of certain shop practices and organizations of union labor. Committees of workmen in the individual trades of a given shop have existed from an early date. They have, however, been sporadic, their prevalence fluctuating with the changing fortunes of labor in its long struggle to gain legal recognition of its right to organize.[1] The earliest instance of "shop" and "craft" committees was probably the "chapel," a committee of compositors in English printing establishments. References to such committees are found as early as 1683 and they were probably in existence considerably before that.[2]

Organized labor, since it attained a degree of stability and influence, has very generally maintained, both in England and America, some sort of arrangement, however informal, by which the interests of the men of the same trade on a job, or even of all the men of various crafts in a given shop, could be looked after by labor representatives. The business agent or "walking delegate" is a universal, if not always welcome, official of the local union, employed and paid by its members, to have oversight of their interests in all union plants and jobs in the locality, and to protect them from unfair treatment on the part either of employers or of other unions. The business agent has played a large but not always discreet and honorable part in the annals of American trade unionism, and perhaps holds a larger share of attention than should be his due, both in the serious literature of trade unionism and in a certain class of fiction that has drawn its material and its motif from the relations between capital and labor.

[1] See Sidney and Beatrice Webb, History of Trade Unionism.

[2] Works Committee, a Report of an Inquiry by the Ministry of Labor, London, 1918 (Industrial Reports, No. 2), p. 3. This Report has been drawn upon freely for information concerning the source, the organization, the functions, and the actual operation of works committees in England. It will hereafter be referred to simply as "Works Committees." Page references are given to the English edition. It has been reprinted in full by the Emergency Fleet Corporation, Philadelphia, 1919.

The steward—Below the business agent, and in more intimate contact with the men and their job, are the craft or shop stewards. The steward is himself a workman and gives his time and attention only incidentally to the representation of labor's interests. It is his function to look after the conditions of work, etc., affecting the men of his trade in the shop or on the job (*e. g.,* in the building trades). On the one hand, he confers, as the spokesman of the men, with the foreman in event of complaint, and on the other, reports to the business agent matters which he thinks should have that official's attention. The duties of the steward in English shops are briefly described as follows: "Apart from (1) functions obviously intended to sustain the fabric of the trade union, the collection of dues, the interrogation of defaulters and newcomers, and the like, the duties of shop stewards are stated in the rules of different unions to include (2) the regular supply to the branch or district committee of information respecting any encroachment upon recognized trade union conditions, participation in deputations to the management in connection with grievances, the calling of shop meetings of the members to discuss grievances, etc.[1] The sending of deputations to the management has naturally led to the formation of committees, in which representatives of different trades may join. Composite committees of this sort are sometimes suggested by the management to avoid the necessity of meeting separately a number of craft committees all of whom may be concerned with the same matter. In the building trades, loosely organized committees have for years existed. It has been common for the craft stewards to come together, elect a secretary, and make representations to, or be consulted by, the employers, on questions such as the proper distribution of work (jurisdiction disputes), the arrangement of the job so that inside operations may be reserved for bad weather, and extra payment for work done in especially inconvenient situations. Similar combinations of shop stewards have been attempted at different times in other industries, with varying success. In some cases, notably in engineering and shipbuilding establishments, where such practices have been successfully applied, the *initiative has come from the management.*[2] It is obvious, however, that such committees can be classed as works committees only as the term is used in a very wide sense.

In some industries, notably in furniture manufacturing (still speaking of English conditions) the stewards exercise the function of calling shop meetings. These have been in some cases a source of works committees in the proper sense of the term. Most English unions make provision in their rules for shop meetings, but only members of the union attend. During the war, however, the term "shop meeting" has come to have another significance, namely, a meeting of

[1] Works Committees, p. 3.
[2] Works Committees, p. 5.

all the trades in the plant. The meetings are regular (monthly) and the stewards, not necessarily from all the trades, make their report about membership and the like.[1]

Piece-rate committees—Works committees appear to have had their origin, in certain instances, also, in previously established committees for the arrangement of piece-rates. The piece-rate committees are craft or shop committees, rather than works committees in the specific sense, and are informal in their organization. Such committees have long existed in the upholstering and pottery industries. During the war, payment by piece-rate has been introduced widely in the engineering establishments of England and Scotland. The extension of piece-work and the growth of the method of collective bargaining in the shop—by works committees or stewards—have gone on side by side, and it would appear that to a considerable degree the one is the immediate cause of the other. Even where detailed lists of piece-work rates are in force, there arise occasions for interpretation which may require some sort of committee. In the mining industry, in certain districts, the method of joint committees has been in operation a long time, along with the Joint District Board. Pit committees are not, however, works committees, except in those cases where the enginemen and other workers, who commonly belong to other unions, are members of the local Miners' Association.[2]

[1] For further indication of the functions of stewards, see Appendix III. Agreement between the Engineering Employers' Federation and Trade Unions in Great Britain. This document throws light on what might become the position and functions of "business agents" in this country.

[2] Works Committees, p. 7. Pit committees are also in existence in America. Their duties and limitations are illustrated in the following:

RESOLUTION NUMBER EIGHT

SETTLEMENT OF DISPUTES—DUTIES AND LIMITATIONS OF PIT COMMITTEES

(*a*) The duties of the pit committee shall be confined to the adjustment of disputes between the pit boss and the miners or mine laborers arising out of this agreement or any local agreement made in connection herewith. Where the pit boss and said miners or mine laborers have failed to agree, the pit committee and the pit boss are empowered to adjust, and in case of their disagreement it shall be referred to the superintendent of the company and the president of the local union, or local executive board, of not more than five members, either the superintendent or the local president having the right to demand the local executive board. The meeting of said board not to be held while the mine is in operation; and should they fail to adjust it, it shall be referred in writing to the president of the Iowa Coal Operators' Association and the president of District No. 13, U. M. W. of A., who may decide the matter either in person or by representatives; their decisions shall be subject to the review and approval of the presidents; should the presidents fail to agree, they must either submit the matter to arbitration or convene the joint board and submit in writing the question in dispute.

No case of discharge shall be submitted to the joint board, and in all cases the miners or mine laborers and parties involved (except discharged employees), must continue at work until a final decision is reached in the manner above set forth.

(The joint board shall consist of the executive committee of the Iowa Coal Operators' Association and the Executive Board of District No. 13, U. M. W. of A.)

(*b*) If any employee doing day work shall cease work because of a grievance which has not been taken up for adjustment in the manner provided herein, and such action shall seem likely to impede the operation of the mine, the pit committee shall assist the company in obtaining a man or men to take such vacant place or places at the scale rate in order that the mine may continue at work. In case the mine is shut down in violation of these agreements, or any of them, the organization will at all times furnish all the men required by the operator at the scale rate to properly care for the mine.

(From agreement between the members of District No. 13, United Mine Workers of America, and the members of the Iowa Coal Operators' Association, April 1, 1916, to March 21, 1918.)

It thus appears that whatever the causes of the growth of the committee idea in England in the past year or two, the usual foundation for the actual establishment of works committees has been some previously existing committee of shop or craft stewards. It should be noted, too, that the loss of the right to strike and the many new questions which the war has raised have greatly enhanced the importance of the shop steward. Another important basis has been welfare committees.

Even before the war, several large manufacturing firms in England had made progress toward a system of shop and works committees. For instance, in the Hans Renold Company, Ltd., Manchester, an engineering firm employing 1000 men and 1600 women, a social union was formed in 1910. This led, in 1915 or 1916, first to the formation of a joint welfare committee and then to a committee of shop stewards. The Rolls-Royce Company, manufacturing motor cars, and employing 4500 men and 1500 women, had a formal organization of shop stewards from about 1912. Barr & Stroud, of Glasgow, 1250 employees, have had shop committees since 1900, and a joint industrial committee since 1916. H. O. Strong & Son, a small engineering firm in Bristol, for several years followed the practice of meeting all their men once a month to discuss matters connected with the establishment which seemed to require examination. At the end of 1915 this practice was abandoned because the management felt that too much time was being wasted in discussion of irrelevant matters and that real grievances did not freely come out in the presence of the whole body of employees.[1] In place of the monthly meetings a joint works committee was, at the management's suggestion, established, which the management has found "of the greatest service in conducting the business of the works."[2] Guest, Keen and Nettleford, a large engineering firm of Birmingham, instituted an appeals committee in 1914, after a series of strikes of its women employees, and in 1916 added a Central Control Board of 25 or 30 members. An unnamed establishment manufacturing motor cars and aeroplanes instituted a works committee, as the result of a strike, in 1908. "The directors had had no idea of the trouble, and in order that in the future such a position should be made impossible the works committee was formed."[3]

Importance of co-operation on employer's part—A survey of the cases in which English firms have established works committees shows the importance of co-operation and encouragement on the part of the employer. Indeed, the employer must often take the initiative. While English employers, because of the fact that organized labor in England is of longer standing and in some respects more conservative than in

[1] Works Committees, pp. 77, 78.
[2] Works Committees, p. 80.
[3] Works Committees, p. 71. The experience and opinions of English firms with regard to Works Committees is given in full in the Report on Works Committees, pp. 51-142.

America, have, speaking in general, perhaps had a kindlier feeling for trade unions and more cordial relations with them than have American employers, it needed the stimulus of the war and the necessity of finding basis and incentive for continuous maximum output, to lead employers to fuller consideration of the importance of the worker's psychology and his desire for a voice in the determination of working conditions. It is probable, also, that the workers have been the more ready to establish committees because of the grave questions and menace to union standards which are involved in dilution and the war-time suspension of union rules. The exigencies of war production, therefore, have been the chief immediate stimulus to the formation of works committees. While, in general, shop stewards, and in some cases welfare committees, have formed the nucleus for the development of works committees, the motive for their establishment has come from the new problems of industrial organization and control which have necessarily arisen from the changed condition of industry in war time. Chief among these questions have been dilution, absenteeism, and methods of remuneration.

Dilution—Dilution has at no time in the United States assumed proportions comparable with the extent to which it had to be carried in England. In England, however, the matter was important and its bearing on the need of works committees direct.

> To gain the consent of the National Unions was not in itself enough to settle the question of dilution; for it is obvious that in a complicated trade such as engineering, with its many varieties, questions of detail might arise in almost every works which needed some machinery for their solution. This has led to the introduction of *dilution committees* in many establishments. These committees, consisting of the representatives of the workers (mainly, of course, the skilled workers) discuss with the management to what extent, and under what conditions dilution shall be introduced. Committees of this character, dealing with an important range of economic questions, have often been led to raise other questions than that of dilution, and to bring forward for discussion with the management, with which they are being brought into constant contact by the problems of dilution, questions and grievances of a general character. Sometimes the committee has remained in name a dilution committee, while it was in reality a works committee. Sometimes a definite change has been made, and the dilution committee, with more or less change in its composition, has been turned into a works committee. In any case the problem of dilution has been one of the most potent forces in forwarding the movement toward works committees. Though there has been a marked tendency for dilution committees to

develop into works committees, it may be noted that in one or two cases the dilution committee has been formed after, and is a sub-committee of the works committee.[1]

A very important stimulus to the formation of works committees has been afforded by the Reports of the Whitley Committee, especially the Interim Report on Joint Standing Industrial Councils, and the Supplementary Report on Works Committees, and by the Ministry of Labor's Inquiry on Works Committees (Industrial Report No. 2). Before these, the Report of the Garton Foundation doubtless had very considerable influence.

Non-union collective bargaining—In the United States we find no such consistent record. Even before the new problems occasioned by the war, however, and before the English movement began to attract attention in this country, the existence of welfare departments and industrial betterment schemes in some American establishments, together with the advent of the employment manager with his wider human understanding of the tasks involved in maintaining a competent working force, had led here and there to the establishment of shop, or even of works committees. Here, also, as in England, where organized labor was recognized, the *union* "shop committee" was not uncommon, but as a rule it did not mean that the men had any essential part or "co-operation" in management. In other cases, some of them very recent, more or less formal and involved plans have been promulgated by large corporations, with the evident purpose of dealing collectively with their own employees but not with organized labor at large. These have been called, not inaptly, "non-union collective bargaining" schemes.[2]

3. Functions

Demarcation of function between works committees and district councils—In the Introduction it was stated that the functions of works committees include not only the consideration of grievances but also problems of works organization, production methods, shop rules and regulations, "and, in short, all matters which affect the welfare and spirit of the workers and the tone of the relations between them and their employers." Certain phases of the various functions which the Whitley Committee names as within the scope of co-operative management would fall to the works committees rather than to national or district councils. A line of demarcation must be drawn between the

[1] Works Committees, pp. 10, 11.

[2] See "Non-union Collective Bargaining Plan," by Boris Emmet, United States Bureau of Labor Statistics, *Monthly Labor Review*, August, 1918, pp. 180-184. This is reprinted in Appendix IV. Full discussion of works committees in the United States will be found in Chapter V and in Appendix V.

functions of works committees on the one hand, and national or district councils on the other—or, in this country, between district conferences of unions and employers' associations. Generally speaking, district councils or conferences are for the purpose of fixing conditions as to wages, hours, etc., in a whole district for a stated period. Where there are such councils or conferences, works committees can consider such matters as wage scales and conditions of work as laid down in the district agreement only as they apply to a given plant. Any action on such matters taken by a works committee must be in accord with the district agreement. Settlement of general principles governing employment rests with the district or national council or conference. The application of these principles lies with the works committee. It may include interpretation of piece-rates in special conditions, grievances, etc.

Where a non-union collective bargaining plan is adopted these questions of demarcation of function will not arise—so long as the plan works, but the company and the employees will perhaps lose something in not being a part of the district or national organization of their industry.

Regular methods of negotiation between employers and employees; greater share, on the part of the workers, in the determination of working conditions; the better utilization of the practical knowledge of workers; co-operation in carrying into effect new ideas pertaining to machinery, processes, and organization; co-operation in meeting and handling the problems which post-bellum reconstruction will bring on; certain aspects of industrial training and education—in all these matters with which co-operative management at large may be concerned, the works committee will have some share.

If there is any meaning in industrial democracy the workers will certainly desire a voice in the readjustment of wages which must come, as well as in the methods by which war industries are to be demobilized and returning soldiers reintroduced into industry. Re-arrangements of the standard working day, questions of shifts, adaptation of processes introduced in wartime through dilution of labor, methods of training and questions of apprenticeship, absenteeism, labor turnover, etc., are all matters in considering which a well-established joint works committee would do good service in the interests of peace and efficiency.

Functions always consultative—No catalogue could include all the specific matters which may come up in an industrial establishment. The works committee, when once confidence and good will is established, may consider almost anything. It should be clearly understood, however, and reasonable employees, as well as employers, will so understand it—that the functions of works committees are always

consultative, and not executive, except as power may be delegated to them by the employers. Until the time comes, if it ever does come, when the workers own and operate the establishment—out-and-out co-operation—the final executive responsibility must rest with the employers. Co-operative management is designed on the one hand to give the workers delegated responsibility for the administration of certain matters as to welfare, etc., and to establish a substitute for the old personal contact and acquaintance, now long since lost, between employer and employee, and on the other hand, through this contact and co-operative consideration of mutual problems to make the task of management at once easier, more human, and more likely to secure both efficiency and a square deal.

Functions vary with type of committee—Functions will naturally vary with the type of committee, as will also methods of doing business. Matters involving wage interpretations, processes, etc., will go to the industrial committee, while "works amenities"—welfare, etc.—will go to the welfare committee. A joint committee, in either case, can present recommendations directly to the management, or the management's representatives on the committee may have authority to accept recommendations on the spot; or again, as appears to be the case in certain instances in this country, the committee may be constituted of employees and employer's representatives in equal numbers and decide issues by majority vote. It is only in rare cases, however, that this form of organization and procedure is advisable, and even where the constitution of the committee ("board," "council," or whatever it may be called) provides for it—thus giving the employees equal power with the employers it must not be forgotten that the constitution has at some time been "granted" by the employers, and may, in case of necessity, be taken away. As one employer expresses it, there must be no "bunk" in the establishment of co-operative management. A clear understanding that in the last resort final acceptance or veto of the committee's actions rests with the higher management (and ultimately with the directors and the stockholders of the company, will remove any danger of "bunk."

A most suggestive discussion of works committee functions is given by Mr. C. G. Renold.[1] After noting that the matters to be handled by works committees will best be determined by experience and common sense, which will also dictate the distribution of different classes of questions among the different committees, Mr. Renold divides questions into two main classes, (a) those which are important chiefly to the workers, and (b) those on which joint discussion would

[1] Industry and Finance, 1917, edited by A. W. Kirkaldy, Ch. IV.

be primarily advantageous to the management. In the first group he places questions involving collective bargaining, as to wages, etc., grievances, general shop conditions and social organizations.

(1) *Wages*—The works committee may insure the application of standard rates to individuals, and see that wage scales are fairly applied, promises of advancement fulfilled, and apprentices, upon completing their time, raised to the standard rate by the customary or agreed steps.[1]

(2) *Piece-work rates*—Here the committee could discuss with the management detailed methods of rate fixing as applied to the individual jobs or to particular classes of work, as well as investigate, on behalf of the workers, complaints of inability to earn the standard rate. It is doubtful, however, Mr. Renold thinks, whether the works committee, on account of possible cumbersomeness, could ever settle detail in these matters. He thinks a better plan would be for a representative of the workers, preferably paid by them, to be attached to the rate-fixing department of the plant, to check all calculations and to work in the employees' interests generally. A possible answer to this is that if the records of the rate-fixing department are always open to inspection a representative of the employees is not necessary.

Piece-rate committee—A special rate-fixing and rate-reviewing committee may, under certain conditions, be desirable. In such a committee may perhaps be found a way of harmonizing the demand of trade unions for collective bargaining and the presence of scientific management in the plant.

Two striking examples of rate-fixing committees may be mentioned—one in this country, one in England. The firm of Hart Schaffner & Marx, Chicago, lodges the responsibility for making piece-rate primarily in its Trade Board. The following description of the system is given by Mr. James Mullenbach, Chairman of the Trade Board.[2]

> Responsibility for making piece-rates is lodged primarily in the Trade Board. For expediency the responsibility, however, has been turned over by the Trade Board to a Committee, known as the Rate Committee, and composed of three members, one representing the company, one representing the people, and the chairman

[1] As an illustration of committee function in interpretation of wage awards the following from a ruling of the Examiner of the War Labor Board in the case of the Bridgeport munition workers may be noted:
"Questions as to whether the work done by women is the same in kind or quantity as that done by men, and questions as to any condition or additions in wage rates to be made because of such differences shall be settled by agreement of the management and the shop committees" (October 9, 1918).

[2] The Hart Schaffner & Marx Labor Agreement, Chicago (published by the Company), 1916, pp. 40, 41.

of the Trade Board. As a matter of practice, the work of rate making is carried on almost exclusively by the two members representing the company and the people. While some cases are brought before the full committee, these cases are exceptional when compared to the number settled by the two members.

The agreement provides that in fixing rates the Board is restricted to the following rules: Changed prices must correspond to the changed work and new prices must be based on old prices when possible.

Whenever a question of piece-rate arises, it is taken up in the first instance by the two members of the committee and an attempt is made to reach an agreement. If an agreement is reached, a specification of the work to be performed and the rate to be paid is prepared and signed by both representatives without any further action. If, however, the two parties are unable to reach an agreement, the case is taken up with the full committee and an agreement reached, or a decision made fixing the rate and specification. If this decision is unsatisfactory to either party, the decision may be appealed to the Board of Arbitration.

New rates are always provisional and temporary and are subject to review after sufficient period of trial to determine their merit. The Committee seeks to make the temporary rate as nearly equitable as possible, both for its effect on the people and to save a repetition of the negotiation.

After the specification and rate have been authorized by the Rate Committee, there can be no alteration of the terms either by the company or the people without permission from the Rate Committee.[1]

The English example is that of the Phoenix Dynamo Company, of Bradford, a firm with about 4,000 employees. "One of the greatest objections to present piece-work systems," says this company, "is that the employer works out the price in secret, writes down the time on a card, and this settles the price." The men feel that it is not the province of the employer to fix rates in this seemingly arbitrary manner, and trouble naturally arises. Hence, the Phoenix Dynamo Company established a plan by which a piece-rate committee is appointed *ad hoc* to settle every case in which a piece-rate is questioned by a workman. "If we are unconvinced that the price is unreasonable, and the man is equally unconvinced that it is reasonable, he can then say 'I want this job to go to committee.'" The membership of these committees consists of three company representatives, and three workmen's representatives consisting of the men concerned and two other workmen chosen by him. The Company's own comment upon their

[1] For a full statement of the Hart Schaffner & Marx Labor Agreement see Appendix V, pp. 193-203.

plan is: "If any employer will put himself in the position of a workman, who, on being offered a price, thinks it unfair, and who has either to take it or else put himself in opposition to his foremen and others, he will appreciate the value of some such scheme as the above to the workman."[1] The Company's full description of their system is given in the Ministry of Labor's Inquiry into Works Committee, reprinted by the Emergency Fleet Corporation, and will repay careful study.

It is significant also that the works committee systems recently inaugurated by the Bethlehem Steel Corporation[2] and the Bethlehem Shipbuilding Corporation plant at Sparrow's Point, Md., both include a provision of piece-rate committees.

(3) *Overtime*—The question of overtime is inextricably bound up with that of the length of the normal working day. The eight-hour movement appears to be gaining rapid headway, and to be winning the support of employers as well as workmen. The adoption of the "basic" eight-hour day, however, does not mean that the actual work day is only eight hours in length. It means simply that any time worked over eight hours is paid for at the rate of "time-and-a-half" or "double time." If the employer can stand the cost, he can, on a basic eight-hour day schedule, work his men nine, ten or twelve hours. He does this, under present arrangements of management, whenever he deems it necessary. The workers have little or nothing to say. If they get too much, or in some cases, too little overtime they can leave the firm and go elsewhere. It is possible that in the course of the evolution of works committee functions, the decision as to the necessity for working overtime will not be entirely in the hands of the employer, but will be left to a joint committee.

The opinion of the umpire and the award of the National War Labor Board in the case of the Molders vs. Wheeling Mold and Foundry Company contain the following provision bearing on overtime:

> *Joint committee to govern overtime*—It has been suggested, as some protection against the abuse of constantly exceeding the limitation of hours by the employer declaring in his judgment "an emergency" to exist, that such extra days should be limited to three days in the week. This would only be a very partial remedy, for if the employee is over-worked three days in the week his

[1] Works Committees, p. 65.

[2] See War Labor Board, Docket No. 22, Findings *in re* Machinists, Electrical Workers, et al. vs. Bethlehem Steel Company, unanimously approved July 31, 1918: "Any necessary revision of piece work rates shall be made by an expert in co-operation with the Ordnance Department, the plant management, and a committee from the shops."

See also the "Bethlehem Plan of Employee Representation, *Iron Age*, October 24, 1918, pp. 1020-1022. Section VI of the Bethlehem plan provides: "After each semi-annual election, the representatives shall immediately meet for the purpose of electing a chairman, a secretary, a general committee, and committee on rules.

product will not only fall off during these days, but also during the remaining days of the week. A better plan would seem to be a provision that the employer shall appoint a standing committee of two, and as the burden of establishing an emergency is upon those who assert it, the eight-hour limitation should not be exceeded unless at least three members of the joint committee of four agree that there is an emergency justifying working overtime. (Opinion of the Umpire.)

The question whether or not an emergency exists, together with the length of time over which such emergency may extend, and the number of extra hours per day, shall be determined by agreement between the management and the working molders in the shop.

For the purpose of effectuating the agreement mentioned, a permanent committee of four persons is hereby created, two of whom shall be designated by the management of the plant and two by the working molders in the shop, the assent of at least three of whom shall be necessary for permission to work more than eight hours in any day of twenty-four hours.[1] (From the Award.)

(4) *Grievances*—Another group of functions will relate to the handling of grievances, such as petty tyranny on the part of foremen, too rigid application of rules, alleged mistakes in the payment of wages, and wrongful dismissal. The "open door" policy, if by that is meant merely the privilege of any individual employee personally to take a grievance to the manager, is, as already pointed out, inadequate to serve the requirements of a square deal. The most general, as well as the strongest, motive to the formation of works committees seems to be the desire to provide a *constitutional* and representative method for the presentation and adjustment of grievances. Works committees have in a number of cases been set up after strikes which were declared out of what seemed a clear sky, the employers, having no adequate means of keeping in touch with the men, being in complete ignorance that there was any dissatisfaction.

It is noticeable, also, that in the more elaborate committee or "industrial conference" plans set up by several large American corporations, the handling of grievances occupies the chief position in the minds of the company officials. This emphasis may be temporary, and due to the fact that the works committee idea is in its infancy in this country. We may be fairly well assured also that if a committee is successful in handling grievances to the general satisfaction, it will gradually develop more positive functions, looking toward constructive, as well as conservative, co-operation.

[1] Docket No. 37, September 16, 1918.

Procedure in hearing grievances—The general procedure for the hearing and adjustment of grievances will probably be somewhat as follows: A workman with a complaint will take it either direct to his foreman or to the secretary of his craft or shop committee, who will take it up with the foreman. In event the grievance cannot be settled in this way, it will be referred to the shop or craft committee, or to a grievance sub-committee of the same. Thence, the line of appeal lies through the works committee to the management and to the trade union officials and organizations concerned.[1]

After all it should be remembered that the ultimate function of committees is not to settle grievances, but to prevent their development.

(5) *Changes of processes, etc.*—Other matters of special interest to workers which should be considered by the industrial (as distinct from the welfare) committee, include proposed changes in the length of the standard working day, arrangement of shifts and the introduction of changes in processes. When such changes are deemed necessary by the production manager, the whole situation should be placed before a workers' committee, in order that the necessity may be understood and full discussion should be allowed, in order that the change may be brought about with the least hardship to individuals.[2] It is worth noting here that this will involve on the part of employers a much keener sense of responsibility than they have hitherto shown for keeping their men employed, and doubtless some restriction upon the hiring and firing privilege. It would also tend to make workmen less restnful of technical progress, which causes them temporary inconvenience.[3]

(6) *War and reconstruction problems*—Another important function of the works committee should be to watch the application of special conditions occasioned by the war, for instance, after-the-war arrangements, demobilization of war industries, and the introduction of returned soldiers into the industrial establishments of the nation. The question of training and dilution has been a delicate one in England. In this country the conference between the shipbuilders and the representatives of shipbuilding labor from the Pacific Coast, held

[1] For England, see Works Committees, pp. 23, 24.
For provisions in certain American concerns see the plans of the Midvale Steel and Ordnance Company, and the Standard Oil Company. Appendix V, pp. 207-212; 220-225.
These can hardly be said, however, to be representative. The procedure in many newly planned and half inchoate works committee schemes is not yet worked out; and in smaller concerns is likely to be more informal. Reference should also be made to the provisions of the Shipbuilding Labor Adjustment Board.

[2] See below, on production committees, pp. 86-88.

[3] Cf. Mr. Renolds's remarks, in Kirkaldy, Industry and Finance, p. 166. "In this connection, employers might well give some general guarantees. For example, that the introduction of a new process shall proceed at such a rate as will allow the surplus workers to be reabsorbed. If this is too sweeping an undertaking, some kind of 'leaving bonus' might be guaranteed, or the union might be reimbursed for any out-of-work benefit paid to men for a certain period after their discharge."

in Philadelphia, August 5 to 10, 1918, brought out the fact that the representatives of labor were deeply troubled by the effect which dilution and the intensive training of unskilled men to take the place of skilled workers might have upon the fate of union standards after the war. Whether dilution in this country has assumed large enough proportions to have the serious results in the permanent change of production methods which it doubtless will have abroad is a question. In any case a committee would probably aid in meeting the new situation.

We come now to the group of questions upon which committee consideration would prove advantageous to the management as well as in the long run to the employees.

(7) *Absenteeism*—We may place first in importance questions of absenteeism, labor turnover, methods of training, and suggestions on organization and methods. We know that absenteeism[1] in American manufacturing establishments at the present time is one of the important causes of delayed output. When absenteeism in shipyards runs from ten to twenty-five per cent of the number of men who should be on the job daily, a condition exists which calls not only for careful statistical record and study, but also for energetic remedial measures. Absenteeism is a matter dependent largely upon the psychology of the worker. That being the case, it should be dealt with, so far as possible, by the workers themselves. When a proper sense of community of interest is developed, it would seem that the handling of absenteeism and tardiness could be facilitated by the organization of a special committee or sub-committee on the subject. Present methods of dealing with the problem in this country—so far as it is dealt with at all—rest mainly on some sort of bonus for good attendance, or on a follow-up system by which absentees, or a certain percentage of them, are visited in their homes. So far as information is at hand, the committee plan has not been tried in the United States.

In England, committees, whose sole function, or one of whose main functions, is the improvement of attendance, have been instituted in the mining industry, at the iron works in Cleveland and Durham, and in a number of engineering and munition factories. Such committees are usually, though not necessarily, joint committees. In certain cases, also, they have judicial powers, and thus form an exception to the general rule that works committees have only consultative functions. The pit-head committees have power to fine absentees. In certain engineering plants the question of prosecuting

[1] What in America is called absenteeism, the English reports call poor "time-keeping," including tardiness in the latter term.

absentees before the Munitions Tribunal[1] is decided by joint works committees.

In one place a works tribunal has been set up in lieu of the Local Munitions Tribunal. The men elect a jury of twelve and a chairman. This tribunal has been successful in bringing about a great improvement in discipline and attendance. It is not a joint committee, being composed wholly of workmen. The firm has no status in it, merely appearing by its representative as it would in the Local Munitions Tribunal. Procedure is quite formal, and the firms' representative is expected to address the chairman as "Sir." [2]

The rules governing the joint committees on absenteeism in the Northumberland coal mines and in the Cleveland and Durham iron works are given in the "Report of an Inquiry into Works Committees." (See reprint by the Emergency Fleet Corporation.)

Committees on lines similar to those in Northumberland have been set up in other mining districts. One of the rules of the Northumberland agreement provides means for disciplining officials who may be "responsible for the workmen losing work or failing to do their best to get work for them." In other localities provision is made for wider powers, including facilities for output and suggestion of improvements.

The colliery committees seem on the whole to have been successful, although open to criticism and improvement in a number of particulars. The committees in the iron works have been more decidedly satisfactory.

There is a general feeling on the part of work people that if a joint committee is to have power to discuss poor attendance and other shortcomings of employees it should have the same power to bring to attention the faults of the management. The following quotations from the opinion of an intelligent miner in the Midlands reflect this demand and indicate possible improvements in the committee plan:

> The Joint Committee[3] found out that output was not only affected by absenteeism, but by faulty management, and they began to frame rules which would embrace the faults of the management, as well as the workers' negligence in absenteeism, and would call the committees, instead of absentee committees, output committees, which gives wider facilities and administration in working.
>
> The meeting of representatives of employers and employed soon became lively, and it showed the intense interest that was taken in the Government suggestions, and the men soon pointed out to the coal owners that there were other causes which caused

[1] Munitions Tribunals were provided for by the Munitions of War Act (July 2, 1915) to try offences defined in that act. The tribunal consisted of an impartial chairman, chosen by the Minister of Munitions, and assessors representing employers and workmen in equal numbers; it had power to levy fines.

[2] Works Committees, pp. 31, 32. See also Appendix VI.

[3] Sectional joint committees of the miners.

a reduced output of coal besides absenteeism—the faults of the management in allowing the miners to wait for timber, no facilities in taking men to their work and bringing them back, the waiting for tubs through scarcity and uneven distribution of the same. If they were going to work this scheme and draw up rules, they must bring the management in as well as the men.

The coal owners, after consultation, decided to accede to the request of the men and asked them to withdraw from this meeting, take it back to their delegate board and appoint a small committee to draw up rules which would give them a voice in the management of the collieries concerned. . . . .

I will be most frank in what I have to say in this important question. The employing side want no change, as it only applies to absenteeism as far as they are concerned. The rules give the men a voice in the management, but I am sorry to say there is no committee strong enough to administer the rules as it relates to management; they go so far, but stop as they see an invisible pressure being brought upon them which is going to affect the security of their living, a kind of victimization which you cannot prove. Your contracting place is finished and you want another place, but the management sends you 'odding'—you are middle-aged and you cannot keep pace with the younger element, and you look after a fresh place, but everywhere is full up, and when you come out of the office you can see other men set on. This is what is going on all round the district, and you want to strengthen these men by having the rules enacted by Act of Parliament to make them binding, and if cases like this happen, there wants to be a Tribunal appointed by Government, representative of all classes, so that a man shall have a fair hearing and equality of justice; this will give him a security and it will reduce this insecurity of work. . . . .

The attitude of the management to committees is fairly good, just according to what the business is. If it applies to men they are good, but when it applies to the management the feeling changes a little, but on the whole, it is good. I don't know of any decisions they have not carried out, but it takes them a long time to do it; when they promise, your tenacity has to be great.

As far as colliery workers are concerned, separate committees are not needed, as they would deal with all questions that could arise; what would be essential would be to see that all grades are represented on the committee.[1]

Even if a special committee is not created, the regular works committee, or the shop committees, may do much to decrease absence and

[1] Works Committees, pp. 118-122.

tardiness. An English motor car and aeroplane establishment reports the following results:

> The Committee has been largely responsible for making the appeal for better timekeeping effective, and this is the more remarkable, because even before the appeal was made the timekeeping record was considered very good. As an illustration, the following figures were given: For the week ending 10-3-17 the total number of hours lost by 3,300 employees was 8,050; the corresponding numbers for 3,500 employees in the week ending 22-9-17 was 5,700; that is a reduction from 2.4 to 1.6 per head. The other questions discussed with the officials of the committee and the representatives on it of particular departments have included dilution, which was carried through without trouble, and grievances in regard to premium bonus times, including the fixing of new times when methods of production are altered. Usually the arrangement of times is discussed when the question affects a number of men. A toolroom bonus, payment of time and an eighth, was arranged between the committee's representatives and the works manager. This bonus, which was conditional on good timekeeping and increased activity, has since been given up in favor of individual premium bonus.[1]

(8) *Labor turnover*—So far as noted, there are no committees which directly consider labor turnover. The committee system, if at all successful, will tend to reduce turnover by elevating the *esprit de corps* and stabilizing the working force. It may be suggested, also, that the employment manager who has developed accurate methods of recording labor turnover could secure the interest of the works committee and get its co-operation in the task of reducing turnover.

(9) *Technical training*—On the question of training, Mr. Renold makes the following suggestions with regard to education in shop processes and trade technique:[2]

> The knowledge of most workers is limited to the process or processes on which they are employed, and they would have a truer sense of industrial problems if they understood better the general technique of the industry in which they are concerned and the relation of their particular process to others in the chain of manufacture from raw material to finished article.
>
> It is possible that some of this education should be undertaken by technical schools, but their work in this respect can only be of a general nature, leaving still a field for detailed teaching which could only be undertaken in connection with an individual firm or

[1] Works Committees, p. 73.
[2] Kirkaldy, Industry and Finance, 1917, p. 169.

a small group of similar firms. Such education might well begin with the members of the committee of workers, though, if found feasible, it should not stop there, but should be made general for the whole works. Any such scheme should be discussed and worked out in conjunction with a committee of workers, in order to obtain the best from it.

(10) *Business education*—It is evident that matters pertaining to training and education within the plant itself would not be taken up by or with the works committee until it had been firmly established. Mr. Renolds, looking far ahead, makes some further suggestions with regard to education in general business questions. They are given here to indicate how far an intelligent and broad-minded employer thinks co-operative management may go in this direction. It is not likely that the stage here suggested will soon be reached, except in the few cases where some form of co-operative management is already of long standing.

Employers continually complain that the workers do not understand the responsibilities and the risks which they, as employers, have to carry, and it would seem desirable, therefore, to take some steps to enable them to do so. In some directions this would be quite feasible, *e. g.:*

The reasons should be explained and discussed for the establishment of new works departments, or the reorganization of existing ones, the relation of the new arrangement to the general manufacturing policy being demonstrated.

Some kind of simplified works statistics might be laid before a committee of workers. For example:

Output; cost of new equipment installed; cost of tools used in given period; cost of raw material consumed; number employed; amount of bad work produced; average wage or earnings of various grades or of various departments.

Reports of activities of other parts of the business might be laid before them,

(1) From the commercial side, showing the difficulties to be met, the general attitude of customers to the firm, etc.

(2) By the chief technical departments, design office, laboratory, etc., as to the general technical developments or difficulties that were being dealt with. Much of such work need not be kept secret, and would tend to show the workers *that other factors enter into the production of economic wealth besides manual labor.*

Simple business reports, showing general trade prospects, might be presented. These are perhaps most difficult to give in

any intelligible form, without publishing matter which every management would object to showing. Still, the attempt would be well worth making, and would show the workers how narrow is the margin between financial success and failure on which most manufacturing businesses work. Such statistics might, perhaps, be expressed not in actual amounts, but as proportions of the wages bill for the same period.[1]

(11) *Suggestions*—One very important function of works or shop committees is the more effective gathering, consideration, and utilization of suggestions.

Naturally, workmen will be quick to make suggestions for the improvement of living and working conditions in the plant, providing there is an organization which can carry into effect suggestions that are deemed practicable. Consideration to such matters may be handled in a small plant by the general committee, but in plants of larger size a special welfare committee is undoubtedly desirable.

It is not to be supposed, however, that the employee's instinct of self-expression and workmanship is going to be satisfied by the right to suggest that the lunch-room screens be repaired, the boiler shop be allotted ten more lockers, or the workers in machine shop No. 3 subscribe to the purchase of a wrist watch for the popular superintendent. The purpose of co-operative management, expressed in works committees, goes beyond the immediate creature comforts of the workers to the industry itself. In however small a way a suggestion adopted may lead to improved organization or process, the man who made it, and saw it considered by a committee and taken up by the plant management, knows that he has contributed something original and unforced to the functioning of the productive organization of which he is a part. In a sense, the manual worker has the advantage of the office man in that he can see, daily and hourly, the results and the progress of his work. It is tangible, visible, growing before his eyes and beneath his touch, even though it be but so many dozen pieces clipped off by semi-automatic machinery. The office man, on the contrary, has to take the results of his labor largely on faith. Both, however, can have and will have, a larger and better sense of their own essential human quality—in so far as it is not crushed out by deadening and unalleviated routine—and of their position as integral units in a productive organization, when they find "the men higher up" taking account of their ideas. Nor is this true only of employees who offer suggestions that are adopted. It is something to have a suggestion even considered.[2] Much good can

[1] Kirkaldy, Industry and Finance, 1917, p. 171. Also in the *Survey*, Reconstruction Series, No. 1, October 5, 1918, p. 5.

[2] "In this connection, as in the quite different field of grievances, it would appear to be important that suggestions which look to be worthless should, nevertheless, be considered."—Works Committees, p. 35.

come, in industrial management as elsewhere, from a little tickling of the harmless vanity of people. The manual toiler is doubtless not different from the ordinary run of mortals in his desire for recognition, if not distinction. Moreover, when suggestions are rejected too swiftly, it is quite possible that some which upon consideration and development would prove to be useful may be lost. Farmers gather in granges or hang over boundary fences to discuss farm problems, business men make the luncheon hour a time of shop talk, professional men hold their periodic scientific and technical meetings. All of these men have an intellectual stake in things, which the manual worker lacks. The union, on the one hand, if he be a union member, is constantly prodding him to guard the interests of organized labor; on the other, the manager, the superintendent, and the company magazine continually preach to him the duty of working for his employer's interests. Nobody speaks of *our* interest, including in that plural possessive, the man who figures finances, the machinist manipulating calipers at a lathe, and the laborer unloading scrap iron. In general *it is the function of works committees to popularize the "our" in industry,* specifically it is the suggestion and production committees which will be largely influential to this end.

Suggestion committees—A committee is a human substitute for a box. One American employer, objecting to the committee idea, quotes the now well-known aphorism of the tired cabinet member who described a board as "long, narrow, and wooden." A box is both wooden and hollow, which may account for the fact that suggestion receptacles, stuck up about the plant, frequently fail to maintain the interest of the work people. In the language of the British Ministry of Labor, the suggestion box is a "somewhat mechanical and uninspiring device" and in itself "an inadequate stimulus." Mr. Leslie S. Mitchell, Vice-President of the Robert Mitchell Company, Ltd., Montreal, points out, also, that the average workman is not accustomed to the use of a pen, and that many times more suggestions will be offered orally, where there is proper opportunity, than will be made in writing under the most favorable conditions.

What the Report on Works Committees has to say on this matter is so much to the point that it should be quoted at length:

> Where the management gains the confidence of the workpeople, and has devised methods of considering suggestions which appeal to the workpeople, there is a much more powerful response than in works where, though there may be a suggestion box, these conditions are absent. Many employers and workpeople agree that a works committee may not only produce an atmosphere necessary to the stimulation of suggestions, but may also help to

arrange for the proper investigation of proposals made by the workpeople. The fundamental matter is that everyone should be encouraged to think about the progress and the organization of the works. It should be noted that the workpeople very commonly complain of the staff's attitude on such matters; any suggestion, they say, is apt to be brushed aside with the remark that they are not paid to think, but to work. The obstruction in such cases may be a foreman or manager, and even though the higher management may be sympathetic, it may never hear of a suggestion. His mates also are sometimes not very encouraging to a workman with ideas. For lack, therefore, of encouragement, or because of actual discouragement ideas of value are held back and the capacity for ideas destroyed.[1]

No attempt should be made here to lay down general rules with regard to procedure in handling suggestions further than to say that matters affecting the whole plant should go to a suggestion committee or sub-committee of the general works committee, while matters affecting a particular shop should go to the committee of that shop.

Suggestion committees seem to be rare in American establishments, and those concerns which have reported shop or works committees do not say much about suggestions.

The Mobile Shipbuilding Company, Mobile, Alabama, has recently (October, 1918)) established a suggestion committee of four members with the employment manager as chairman.[2] This is in a sense a joint committee, the development of which may be watched with interest since it apparently introduces a new method of valuation of inventions and suggestion by employees. Usually the employee who has anything to offer has to throw himself on the honor of the company for whatever payment he may get for his invention. There is no doubt that employers have secured suggestions worth many thousands of dollars for nothing.

A Scottish shipbuilding firm has had an "awards scheme" in operation since 1880, which involves a committee consisting of an outside and independent person as president, the manager of the yard, and the manager or chief draughtsman of the engine works. No workman is a member of the committee, but it appears to give satisfaction.

[1] Works Committees, p. 35.

[2] The following notice appeared in the *Moshico Log*, the plant magazine, October 10, 1918:

"Boys, the company wants to pay you for suggestions of merit. They invite you to criticize the yard. They want you to point out where improvements can be made in methods, machinery, safety devices, etc.

"The following committee has been selected to pass on all suggestions and appraise their value. . . . The head of the department affected by any suggestion offered will assist in placing a figure on its value. . . . . Make your suggestions in writing, sign your name and number, and drop them in the suggestion box. If your suggestion is worth $1.00 you will get it; if in the judgment of the committee it is worth $1000, that amount will be just as cheerfully paid. . . ."

> The rules are elaborate, and designed among other things, to do justice as between different claimants. . . . . In certain cases where patents have been secured, the amounts received by individuals have run into hundreds of pounds. In the case of patents, the inventors usually ask that one of the firm should be joined with them, and share partly in the gains. The reply of one inventor, when he was asked why this was so, is compounded of Scotch caution and good feeling and trust. It was: "Naebody kens my name, but a'body kens yours."[1]

(12) *Production committees*—Allied in function to suggestion committees, but with more formal organization and more definite purpose, are production committees, or, as some prefer to call them, "incentive and output" committees. The shortcoming of a suggestion committee, however active it may be, is that it does not have—unless it becomes a production committee—a definite program and line of attack. The functions of a production committee are defined by an American expert as follows:

> (a) To study in detail the operations performed in the different crafts and callings of the industry and to determine if better methods can be found in performing operations that will increase production and maintain quality, eliminate operations, and make the work more interesting to the worker.
>
> (b) To study in detail the method of handling materials to and from operators with a view to working out improvements.
>
> (c) To study the methods of providing workmen with tools and supplies.

This definition is from the point of view of a scientific management which recognizes the value of human touch and the workman's co-operation. It is too narrow, however. The production committee should have wide freedom to consider any matter of technique and plant organization, from the proper motions of a workmen in a given task to the wholesale transformation of the equipment and methods of a department.

The pit-head committees in English coal fields are in part production committees, but hardly in the sense just indicated. Scattered through reports and letters from English and American firms there are to be found suggestions which indicate that the production committee idea is beginning to receive attention in practice. In most cases, however, experiment has gone no further than the formation of foremen's committees.

[1] Works Committees, p. 96.

A well organized production committee will have the following membership:

An expert production engineer who understands men as well as processes.

A representative of the management.

One or more representatives of the employees.

The personnel of the committee may be changed for different shops, or there may be a separate committee for each shop. It is an open question whether foremen should be represented on the production committee; certainly not to the exclusion of representatives of the men. It must frankly be admitted that production committees are experimental. They may work and they may not. Under men with the human and co-operative point of view, they would afford one more avenue for cordial and constructive relations between managers and men. Especially would they fulfill a need the significance of which scientific management has never grasped. They would give to the workmen a voice not only in the general conditions of employment, but something to say with regard to the standardization of practice, and the economics and equities involved, for the employees as well as the employer, in change of method or machinery. In other words, they would be a recognition that the laborer has a specific stake in the plant, not to be pulled up or shifted without consulting him. Under present conditions, the production expert, whether stop-watch man or not, has to make his observations and decisions, often with the direct hostility of men, not seldom in the midst of their attempts to deceive him, and generally without their wholehearted, honest co-operation. It is interesting to note in this connection that candid experts agree that most existing piece-rate scales are worthless, from the point of view of fairness, because they are drawn up in the absence of standardized practice in technical processes and without the real advice and co-operation of the workers themselves. The scientific manager and production engineer now pit their wits *against* the men. Any organization which will enable them to pull together *with* the men will be a desirable step in advance.[1] That the idea of production committees has occurred to representatives of both labor and capital, and that it bears promise of affording an additional avenue—beyond that of the general works committee to co-operative management, good will, and productive

[1] "In any case of new rules or new developments, or new workshop policy, there is always the greatest difficulty in getting the rank and file to understand what the management is 'getting at.' However well-meaning the change may be as regards the workers, the mere fact that it is new and not understood is likely to lead to opposition. If the best use is made of committees of workers, such changes, new developments, etc., would have been discussed and explained to them, and it is not too much to expect that the members of such committees would eventually spread a more correct and sympathetic interpretation of the management's intentions among their fellow-workers than they could get in any other way."—Kirkaldy, Industry and Finance, pp. 168, 169.

efficiency, is suggested by the following extracts. The first is from a shipyard worker and bears both on production committees and suggestion committees:

> The suggestion that I would like to make is that a representative be appointed for each large plant whose duty it should be to gather suggestions from each and every skilled worker as to short cuts and improvements in method and design. Why standardize old fogey notions and methods; because "it" was always done in the past is no good reason why we should continue to do "it."
>
> Feeble efforts have been made to get suggestions from the workers, but they have been too feeble and were along lines that tended to create distrust; for when they were put to use someone was deprived of employment or no real credit was given.
>
> My way of thinking is that the person appointed must work right along with us, a councilor, an adviser, one who is thoroughly sympathetic with our efforts for real democracy. It is my honest belief that with such a person on the job jurisdictional squabbles and trade prejudices would largely disappear.

The second is from a circular letter sent out by Committee on Industrial Relations, Chamber of Commerce of the United States, August 24, 1918:

> There is enough experience available to prove that the average production manager is not qualified by reason of his responsibilities and training for labor management under present, and, particularly, under future labor conditions as they are foreseen by the keenest visioned men. The ambitious schemes of the "live-wire" sales manager, splendid in themselves, must be subjected to the "wet-blanket" scrutiny of the credit man or the finance committee; just so, the production manager cannot safely be permitted to speed up his processes and cut his costs regardless of the effect of his activities upon the employees whose interests are concerned, but should submit his plans for criticism and revision to a labor manager, co-ordinate with him in authority.
>
> The essential point, however, is that there should be people thinking about industry from the standpoint of the interests of the workers—people in the management of individual concerns, in industrial associations, in Chambers of Commerce, and in Washington. Such thinking will correct many evils in industrial relations at the source, will inform the ignorant, curb the unscrupulous and fasten responsibility upon the careless or reckless employer. After all, industry exists for the benefit of the people and not the people for the benefit of industry.

(13) *Promotion*—Mr. Renold does not deem it beyond the range of probability that the works committee should have some voice in the selection and promotion of shop officials, especially leading men, subforemen, and foremen. It is, he says, "quite certain that it is well worth while making some attempt to secure popular understanding and approval of many of the appointments made." It would at least be possible to explain why a particular choice was made, and the jealousies always involved in promotions could be softened if the management would make to the committee a statement indicating the qualities desired in the position. "It should at least be possible," says Mr. Renold, to discuss a vacancy occurring in any grade with all the others in that grade. For example, to discuss with all shop foremen the possible candidates to fill a vacancy among foremen.[1] This is probably better than no discussion at all, and the foremen might be expected, to some extent, to reflect the feeling among their men. Here again the establishing of any such scheme might well be discussed with the committee of workers."[2]

Opinions on this question are summarized in the Ministry of Labor's Report on Works Committees as follows:

> The appointment of foremen is a question on which there may be said to be three groups of opinions. Many employers hold that it is purely a management question. The opposite extreme to this is the claim made by a considerable section of trade unionists that the workmen should choose their own foremen. A position intermediate to these two extremes is taken up by a certain number of employers and by a section of workpeople; the appointment (they feel) should be made by the management, but it should be submitted to the works committee before it becomes effective. Even this intermediate position, however, is not really a common position; there are differences of opinion as to the conditions under which the appointment should come before the works committee—that is to say, whether or no the works committee should have power to veto the appointment. Those employers who are prepared to submit such appointments to a works committee are for the most part of the opinion that this should only be done in order to explain the reasons for their choice. This, they hold, will tend to remove obstacles which might otherwise be put in the way of the appointment. A considerable body of workpeople, on the other hand, hold an intermediate position which comes nearer to election of foremen by the workpeople; they think that the works committee should have the right to veto the choice made by the management. A few employers consider that this—or even direct

[1] This is one function a foremen's committee could fulfill.
[2] Kirkaldy, Industry and Finance, pp. 170, 171.

election—may be possible when a works committee, through the experience gained in consultations about such appointments, has learned to estimate all the qualities necessary in a foreman. It has already been mentioned that works committees very often discuss the conduct of foremen. The conclusion then reached, that such discussion was a desirable function for a committee, would appear to involve as a corollary that of consultation about appointments. This latter function would tend to remove the necessity for the former.[1]

At least one American firm is definitely working on this question. This is the Sunville Baking Company, Pueblo, Colorado.[2]

Welfare committees—Nothing has been said in the foregoing pages about the functions of welfare or "works amenities" committees. It is obvious that this field offers wide and attractive opportunities for committee action, as do special matters like "safety first," etc. Where the employer will not tolerate industrial committees, some form of welfare committee is nevertheless sometimes met with. A welfare committee, if it functions, is better than none, but it does not in itself reach very near to the heart of the problem of co-operative management and good will between employer and employee.

In general summary, it may be said that if the committee plan develops and meets, even moderately well, the expectations of its more enthusiastic sponsors, there is no matter which may not be taken up in a friendly and helpful spirit in joint council. Or if either side cannot consent to the discussion of a particular matter, the atmosphere will be kept clear by a frank statement of the reasons for not wishing to take it up. The principles of fairness and frankness will prevail in the committee if they are in the hearts of the men and the management.[3]

4. Organization and Procedure

(*a*) *Problems of Organization*

Constitutional questions—The first problem is that of the method of establishing and perpetuating the committees. Here a number of important questions present themselves. (1) What types of committee is it desirable to establish in a given plant? (2) What shall be the

[1] Works Committees, pp. 33, 34.

[2] See Appendix V, p. 225.

[3] The watchword of one American piano company, which has a system of committees, is: "If there is no harmony in the shop there will be none in the piano."

"Quick results are not probable, for it must be recognized that it will take some time before the workers generally can be convinced that the management does put all its cards on the table in such discussions. A record of straightforwardness must, however, tell in the long run, just as even a suspicion of breach of faith or 'slimness' would spoil all chances of success. It is important to remember in all such discussions that the management will probably possess the most highly trained minds and acutest debating power. It is easy to score points, but it only leaves resentment in those scored off, and probably immediately raises suspicions of insincerity."—Kirkaldy, Industry and Finance, p. 169.

relation of the committees to organized labor within the plant? Should all employees vote, or should this privelege be restricted to union men and committees be based upon the industrial organization of trade union representatives? (3) If all employees vote how should constituencies be arranged—by shops, by departments, by crafts, or by the whole of the employees voting as one body? In case only union members vote in what proportion should the various unions be represented? (4) How shall the task of securing representation to both skilled and unskilled employees be accomplished? Shall there be one works committee representing both classes, or shall there be separate committees —one for skilled, the other for unskilled? (*b*) How shall the complication resulting from the employment of women be handled? Shall women be represented on the committees and have a vote for committee members or shall they organize a separate committee to look out for their own interests?

No general answer possible—In the nature of the case no general answer can be given to these questions. Their proper solution will depend largely upon the circumstances of the place, the industry, the particular plant, and the type of relation existing between employer and employee. Illustrations of almost every conceivable arrangement can be found in English practice.[1] The movement just starting in the United States is adding important variations.

(1) *Types of Committees*—In the first place we may distinguish between industrial committees and welfare committees, though the two functions may be continued in one committee. Secondly, committees are either joint, *i. e.,* composed of representatives of both the men and the management, or separate committees of the employees only. Thirdly, they may be composed entirely of union representatives, or of non-union men, or a mixture of the two. Fourthly, there may be in the same plant craft committees, shop committees, and a general works committee. Finally special committees for specific purposes may be found—dilution committees, suggestion committees, piece-rate committees, etc.

Welfare committees—Welfare committees have been not uncommon, even before the war, both in England and the United States. A survey would probably discover numerous examples in this country where the workers have organized social clubs or committees, with or without the encouragement and direction of a "welfare manager." The autocratic and paternalistic spirit in which employers have sometimes sought to impose "industrial betterment" schemes upon their employees has not, however, tended to encourage the formation or the

[1] See Works Committees, pp. 51-122.

success of independent welfare committees in this country. As indicated above, welfare committees have sometimes formed the nucleus for the development of industrial works committees. Perhaps the most notable instance of the kind in this country is afforded by the interesting history of the highly successful Filene Co-operative Association in Boston.[1] In any case, welfare committees are of comparatively slight importance in the face of the grave questions of an economic and industrial nature which management, autocratic or co-operative, is now called upon to face. "Industrial betterment" plans cannot be said to have satisfied the anticipations of the employers who have established them, nor to have gained much beyond a grudging and half-contemptuous and cynical interest on the part of self-respecting employees. Where employers can bring themselves to pay in increased wages the sums they would otherwise expend in ostentatious "betterment" and encourage employees to establish and manage their own welfare work and organization, excellent results are likely to follow, and such welfare organization may well afford a natural approach to co-operative management, through a general works committee, of the industrial relations between employer and employees.

Industrial committees—Industrial committees will give attention to those more serious questions of policy which are likely to produce contention, opposition, and perhaps industrial warfare between employers and workmen, and to matters which affect the efficiency of the plant, economy of production, and progress in organization and technique.

Joint vs. separate committees—Joint committees are as yet comparatively rare. In England, there are some committees of this nature, composed of two or three representatives of the management and ten or twelve of the workmen. They hold regular meetings, usually at longer intervals than one week. When the works committee is a joint committee, however, some provision is generally made for separate meetings of the workers. This should always be done. Usually, works committees are committees of employees only, with regular and constitutional facilities for consultation with the management, either at fixed intervals or whenever occasion arises. Joint committees may ultimately come to be the normal form, but a long period of experience with works committees will probably precede any widespread establishment of joint committees. This statement does not apply, however, to committees with specialized functions, the number of which, in England, is large.

[1] See Appendix V, pp 180-191.

Both types have their advantages and disadvantages. Probably the best plan is to have both types of committees at once. The advantage of the joint committee is that it affords opportunity for continuous contact between the management and the authorized representatives of the employees. Its disadvantages lie in the time required, if the manager or his representatives have to attend frequent meetings in which, often, matters which do not need his attention are discussed at length; in the need of the men to consider their problems by themselves (just as the management do theirs); and in the fact that the men, in the earlier stages of the committee plan at least, may not think or talk freely in the presence of the representatives of the employer. There is some possibility, especially where the relations between employees and employers have not been cordial and where confidence and good will are not well established, that the employees may be suspicious of a joint committee arrangement because of a fear that the management is taking this means to spy on the men. In any case facilities for committee consultation with the management should be freely and constitutionally provided for, and the right of appeal to the highest officers and even to the directors granted.

Representatives of the firm should be of high rank—Whether the works committee is formally "joint" or whether it or a sub-committee merely meets the management on occasion, "it is important that the representatives of the firms who meet the committee, or (if it is a joint body) sit on the committee, should belong to the highest rank, and should include the general works manager (or, if there is one, the labor superintendent) and one or more of the directors." [1] All the disadvantages of the joint committee are probably overweighed by the essential fact that one of the greatest services the works committee can perform is to bring men and management into close contact, and give the men an opportunity of discussion with the authorities with whom, in its absence, they seldom get into close touch, and then only on points of difference.[2]

"Nor is it," says the Minister of Labor, "only the workmen who stand to gain if the highest rank of the management is represented. Members of the firm who are primarily occupied with finance or technique will be brought into contact with those questions of labor which are the fundamental problems of industry, and in discussing

[1] Works Committees, p. 25. The Whitley Committee also insists that men of high rank in management should attend the joint committee meetings. "We regard the successful development and utilization of Works Committees in any business on the basis recommended in this Report as of equal importance with its commercial and scientific efficiency; and we think that in every case one of the partners or directors, or some other responsible representative of the management, would be well advised to devote a substantial part of his time and thought to the good working and development of such a committee."—Supplementary Report, Section 8.

[2] Ibid, p. 26.

these questions with the representatives of the workmen they are likely to gain a deeper insight into the best methods of conducting the industry." [1]

"The open door"—Emphasis is to be placed on the necessity of an open door policy on the part of the management. But the door must stand open not only to *individuals* who have grievances or suggestions but, to authorized committees or deputations. Many an employer prides himself on maintaining an open door policy, who will grow red in the face at the thought of "recognizing the union" and who utterly refuses to admit to his sanctum any *representatives* of his own employees, whether union or non-union. He expects any man who has a grievance to come in person and present it, and he does not clearly comprehend the fact that a real open door policy would involve more than the presentation and adjudication of "kicks." Much could be said with regard to psychology and the open door. It will suffice to point out, however, that an individual workman, in greasy overalls, and with the eye of his foreman upon him, is not likely to force his way past doorkeepers and secretaries into the private office of the manager, and confront him across his polished mahogany desk top unless he is moved by a burning "grouch." If, however, the manager meets a representative committee as a matter of the regular course of events, not only will individual grievances get a hearing, but the way will be paved for mutually helpful relations. The advantages of the committee system do not lie all on one side, by any means.

(2) *Relation to organized labor in the plant*—This, together with the broader question with regard to the relation of the committee system to organized labor at large, is one of greatest significance to the success or failure of the movement for co-operative management in this country. In England, as we have seen, the movement has developed quite naturally upon the basis of the craft or shop stewards, so that the backbone of the committee system there may be said to be an already existent trade organization. This is doubtless one consideration which leads the Whitley Committee to insist throughout that works committees, wherever possible, should be based upon union organizations. The Whitley Committee does not say, however, that membership upon, or vote for, works committees shall necessarily be limited to union members.

Composition of committees—In closed shops no question will arise. The committees will be out-and-out union committees. In open shops there are at least three possibilities. The committees may be composed (*a*) of shop or craft stewards elected by union men only (in which case

[1] Works Committees, p. 26.

there is no true works committee), (*b*) of union men elected by vote of all employees, non-union as well as union, (*c*) of both union and non-union members. In plants whose management will tolerate the presence of no union man, either no question will arise, or the committee system will be in a fair way to fail from the start because of the absence of a proper sense of freedom and confidence.

The Ministry of Labor hold that "wherever possible, a committee of shop stewards or trade union representatives would appear to be the best solution," [1] but this conclusion applies to English, not to American conditions.

Safeguarding interests of both union and non-union men—Even in England, however, the problem of securing harmonious co-operation between union and non-union elements is recognized:

> Since, however, the problem from the point of view of well organized industries is complicated by the existence of poorly organized areas, a proposal under consideration by a firm in which considerably less than one-half of the employees are trade unionists may be noted. The proposal is that the works committee should be composed of departmental representatives who will include the shop stewards, and that from this committee as a whole, or from the shop steward and the non-shop steward sections of it separately, there should be elected a small number of representatives of the workers to sit on a joint committee (of employees, not of employees and management). The proposal was made as a means of combining (*a*) the recognition of the shop stewards, and (*b*) the representation of all the work people on the joint committee, without duplication of committees for different functions. The firm, which recognizes the unions and whose conditions are above the district standards, intends that the joint committee should deal with a very wide range of subjects, only some of which are shop steward questions.[2]

This suggestion offers a feasible, though a somewhat cumbersome, method by which the interests of union representatives and of non-union employees may both be guarded and at the same time co-operation secured. It recognizes the unions but does not give them exclusive power of representing the interests of the workers.

A simpler plan, and, where the union will agree to it voluntarily, a better one, would seem to be provision for committees elected by all employees, and to which any employee, union or non-union, is eligible for membership. This is the plan adopted in this country, in the decisions of both the Shipbuilding Labor Adjustment Board and the War

[1] Works Committees, p. 18.
[2] Works Committees, pp. 18, 19.

Labor Board. The unfortunate, though in war time necessary, feature of the plans of these Boards, however, is their compulsory, or quasi-compulsory, nature. They have been imposed, in more than one instance, upon concerns which have had intense opposition to unionism and collective bargaining, and in times of accute industrial disturbance which threatened the continuity of production of goods vital to the prosecution of the war. When it is necessary to specify that the election shall take place in some public building outside the plant, and that a Government Examiner shall preside and see that there is fair play, too much success or permanency in the committee should not be looked for. In these cases the committee plan must be regarded as an emergency measure only.[1]

> The election by the workers of their representative department committee to present grievances and mediate with the company shall be held during the life of this award, in some convenient public building in the neighborhood of the plant, to be selected by the Examiner of this Board assigned to supervise the execution of this award, or in the case of his absence, by some impartial person, to be selected by such Examiner. Such Examiner, or his substitute, shall preside over the first and all subsequent elections during the life of this award, and have the power to make the proper regulations to secure absolute fairness.

The decisions of the Macy Board do not dictate place of election but do provide that election shall be by secret ballot.

Tendency toward election of union men—In plants where organized labor is strongly represented the tendency is toward the election of representatives who are all union men. This is true in England[2] and will probably prove to be so in this country because, on the whole, the union men take the most interest in those matters which constitute the functions of works committees, and also because, no doubt, they will see in works committees a new method of collective bargaining—a method which, they will feel, the unions should control so far as the workers are concerned. If, however, in an open shop, the apathy of the non-union employees, or the half-hearted interest of the management, allows the union men to gain complete control, the committee will

[1] The following provision is contained in the awards of the War Labor Board in the cases of Smith & Wesson (Docket No. 273), the General Electric Co., Pittsfield Works (Docket No. 19), and the Bethlehem Steel Co., Bethlehem Works (Docket No. 22):

> "The election by the workers of their representative department committees to present grievances and mediate with the company shall be held during the life of this award in some convenient public building in the neighborhood of the plant, to be selected by the Examiner of this Board assigned to supervise the execution of this award, or in the case of his absence, by some impartial person, to be selected by such Examiner. Such Examiner, or his substitute, shall preside over the first and all subsequent elections during the life of this award, and have the power to make the proper regulations to secure absolute fairness."
>
> The decisions of the Macy Board do not dictate place of election, but do provide that election shall be by secret ballot.

[2] Works Committees, p. 15.

not be representative. It will be co-operative and democratic only in name, at least so long as the shop remains truly "open." The chief problem would seem to be to secure active interest on the part of non-union men without at the same time arousing the suspicion of union men that the management is using the works committee plan to undermine union influence. This can be done only by an honest and tactful management which lays all its cards on the table, lays aside old scores, and refrains from any form of secret diplomacy.

(3) *Arrangement of constituencies*—Where the committee members are elected directly or indirectly by all the employees, as they should be, the constituencies can be arranged in various ways, chief of which are (*a*) all the employees voting as one constituency, (*b*) voting by shops, (*c*) voting by crafts. The simplest arrangement, more suitable for small plants is the election of the works committee by all the employees voting without regard to craft or shop. In large plants it is probably better that each shop, department, or craft, should vote for whatever number of representatives it is entitled to have on the works committee. Where shop or craft committees, as well as a general works committee, are organized, the membership in the general works committee may be based upon that of the shop or craft committees. Obviously this may be done in a variety of ways. The chairmen of the shop or craft committees may constitute, *ex officio* the works committee[1] (or the employees' representatives on it, if it be a joint committee); each shop or craft committee may elect its own representatives, from its own membership to the works committee; or the general electorate of each craft might elect members to the works committee, confining their choice to members of shop or craft committees. Only experience can show what method is best adapted to a given establishment. The only general rule that may be laid down is that the utmost democracy—an unlimited franchise—should mark the election of shop and craft committees. It is quite likely that the general works committee may best be chosen by the shop or craft committees, though it is by no means clear that the chairman of these committees should constitute *ex officio* the works committee. That depends upon how the chairmen are chosen. Moreover the tenure of office on departmental committees should probably be comparatively short, while that on the works committee should be long enough to secure breadth and experience in dealing with the larger problems of the works as a whole.

In a certain measure, organized labor may raise objection to the election of committees by departments rather than by crafts. This objection will rest on the ground that trade unions are organized on craft lines, and that shop or works committees organized on a departmental basis will confuse matters by cutting at right angles to craft

[1] This is the Macy Board plan. See below, p. 118.

organization. Further, it may be objected that departmental organizations is being chosen by the big corporations with the definite intention of impairing or excluding union influence. Be this as it may, departmental organization is not inimical to union power or to union organization in the plant, provided the unions have a footing to begin with. Some employers opposed to the unions object even to departmental committees, on the ground that the union men in a shop take the initiative in the election of the committee, with the result that all its members are union men although a majority of the men in the shop may be non-union.

Election in closed shops—In closed plants or plants in which nearly all the employees are union members, the election of committees will naturally be on the basis of unions, all the members of a union electing a certain number of representatives. In case of large industrial unions elections may be by branches. In those shops or trades in which there are shop or craft stewards—and they are much less prevalent in this country than in England—the stewards will naturally be elected to the works committee. It is unnecessary to go into detail for the closed shop, however. There the main thing is for the management and the men, already acquainted with methods of organization and representation, to get together for the establishment of a joint works committee.

(4) *Skilled and unskilled*—The presence of skilled and unskilled men in the same plant occasions some problems of representation. In England, especially in the large engineering establishments, there are in several cases committees of shop stewards—one for skilled men and the other for semi-skilled men laborers. Generally, however, one committee suffices for both sets of employees. It is interesting to note that the works committee in a Midlands munition factory has recently been reconstituted. Election by the departments had produced a committee made up entirely of skilled trade unionists. While the committee was not opposed by the grades of labor not directly represented on it, the semi-skilled and unskilled did not show much interest in it. To remedy this, a new method of election was instituted, giving separate representation to skilled men, semi-skilled and unskilled men, and to women. This scheme was advocated and carried through by the secretary of the committee, who is himself a union official.[1]

Denial of representation to the unskilled may be a serious cause of friction between the different classes of workers, as the presence in some plants of separate committees indicates.

Where there is only one committee, membership is likely to be confined to skilled men. This is usually not the result of design but

[1] Works Committee, p. 17.

of the fact that the majority of men in a shop or department are skilled. The objection has been raised that skilled men will not adequately consider the interests of the unskilled. The Ministry of Labor says, however:

> It would nevertheless appear that most committees appointed on the department basis do succeed in representing fairly the interest of the other constituents, and it is claimed that the committee member tends to look upon himself not as a representative of a particular craft or section of the department but as a representative of the department as a whole.[1]

In the United States, it is less certain whether skilled labor would give due and fair consideration to the interests of unskilled employees. The history of organized labor in this country does not give assurance on this point. The long continued apathy of trade unions and the American Federation of Labor toward the organization and interests of the unskilled, together with the slowness with which the principle of industrial, as distinguished from trade, unionism gained recognition in the minds of organized labor officials—in short the particularism and individualism of American trade unionists, may properly cause some doubt whether men who have sometimes been more concerned with elevating and maintaining standards of wages and conditions for their own trade than with improving the lot of the entire working population. unskilled as well as skilled, will at once be able, under any sort of committee system, to give much consideration to the interests of Dago and Hunkie laborers about the plant.

Foreign-born laborers—We must recognize the fact that the American labor class has been cut across by semi-caste lines. The skilled tradesmen have not only had to carry on the struggle for recognition and collective bargaining; they have not only had to meet the conditions resulting from the rapid introduction of highly specialized machinery, and latterly of scientific management, but they have also, as was not the case with skilled workmen in England, Germany, and France, had to protect American standards, as best they might, from the terrific and degrading pressure of the immense influx of unskilled labor from South and East Europe. When employers, often in violation of the contract labor laws, were importing these people and regarding them much as cattle, it is not surprising that the skilled labor classes came to look upon them with disfavor, and as an unassimilated and perhaps unassimilable mass whom it was impossible to take into the fold of organized labor. In certain industries, however, notably mining, conditions compelled the development of industrial unionism. In these, little doubt need be entertained that a single works committee would adequately represent both skilled and unskilled.

[1] Works Committees, p. 18.

Negro labor—Another complication in this country, especially in the South, results from the presence of negro labor, most of which is unskilled. The attitude of trade unionists, both North and South, toward the negro has been the reverse of democratic. Nowhere have the unions, in practice, whatever lip service they may render to the principle of a square deal, given the negro a fair show to improve his industrial status. Throughout the South, moreover, the color line runs through the center of every industrial establishment. Here it would be mere foolishness to expect one committee to represent all. It is significant that the shop committees set up in one Southern shipyard and regarded by the management as highly successful, as indeed they seem to be, do not represent the negroes in any way. Although negroes constitute about one-third of the working force of the yard, they have neither vote nor representation on the committees.

It is evident, therefore, that there may be conditions under which it is desirable to have separate committees for skilled and unskilled, and in the South for negroes and whites, even though such procedure is confession of our incapacity at present to develop fully the co-operative representation and discussion which are part of the foundation of industrial democracy.

(5) *Representation of women workers*—In plants where any considerable numbers of women are employed, this question is likely to give trouble. Partly because they perform chiefly unskilled, or at most semi-skilled, tasks, and partly because the very great majority of them, hitherto at least, have engaged themselves in gainful industrial pursuits only until the door of matrimony opened to them, women have not organized for collective bargaining. Moreover they have not been freely admitted to the unions nor have the unions as a rule made any whole-hearted attempt to establish collective bargaining for them. Seeing in the woman—in conjunction with automatic machinery—a cut-throat competitor for his job, the union mechanic has taken an attitude of hostility to the further entrance of women into industry. In consequence, the lack of unity of feeling and interest between skilled and unskilled has been mirrored in an indifference to the interests of women employees. There have been exceptions to this rule, of course, but in general male employees have looked upon women operators, where not segregated in "women's" departments, with an indifference, if not intolerance, which had the double motivation of the male's traditional sense of superiority and his fear (not unfounded) that employers would, if permitted, utilize women to break down standards of wages and working conditions built up through long and painful sacrifice on the part of union labor.

During the war the unions have patriotically permitted the suspension of union standards and rules, perhaps to a greater extent in

England than in this country, but still to a remarkable degree in both. They have seen the old skilled trades broken up into many processes and, in England particularly, the wholesale introduction of automatic machinery, together with the removal of all limitations on output, the introduction of bonus schemes, and the like. Dilution of labor has been carried out very largely through the induction of women into industries where they had obtained no foothold prior to the war. Most conspicuous has this revolution been in the metal trades. The British Government in its covenant with the trade unions promised, in return for the suspension of union standards, that pre-war conditions would be restored, in each controlled industry, after the war. Practically everyone now recognizes the impossibility, and many the undesirability, of making good this promise. In the United States, the chief thing the unions have given up during war time is the right to strike, and events have shown that the national union officials could not always hold the men even to this sacrifice. Nevertheless, in America as in England, organized labor has been compelled to stand by while an unprecedented influx of women was taking place. Needless to say, the settlement of the conditions and standards to exist after the stress of war is over, and the women, through whom dilution has been accomplished, continue to lay claim to their jobs, will be a big problem. It is not probable that the women will docilely give up their newly gained position.

All this would open up a consideration of the industrial reconstruction problem at large; specifically in point here is the function which works committees may subserve in helping us toward a solution of the new problems resulting from the permanent entrance of women into trades and industries to which in pre-war days they were strangers.

Considerations both of justice and expediency would seem to counsel both the right of women to vote for committee members, and full recognition and representation on the committee itself. If men employees object to the autocratic control of industry by employers, they cannot consistently withhold the voting and office-holding privilege from the women. Moreover, women as competitors for jobs are far more dangerous when left to themselves, as a segregated class with whom the employer can bargain individually, than they will be when recognized by the men as co-workers and admitted into the councils of labor. Neither managers nor men can consistently dwell upon the beauty and utility of works *esprit de corps* if a large part of the working force, either the women or the unskilled men, is left to one side with only indirect representation. Even in such comparatively non-contentious matters as welfare arrangements, women employees have needs and points of view which cannot, and will not, be given due consideration by a committee composed entirely of men. In large

plants, employing many women, it is entirely possible that the women should have special committees of their own, though it can be laid down as a general principle of industrial democracy that they should have a vote for, and proportionate representation on, the membership of the general works committee and upon the committee of all crafts and shops in which they are at work in appreciable numbers.[1]

Actual practice in England varies. The Report on Works Committees gives detailed account of committees in twenty-three establishments. Out of the thirteen in this list for which information on the matter is given, four give the women neither vote nor representation, one gives indirect representation, and eight give women practical equality of rights with men.

(6) *Tenure of office of committee members*—This runs all the way from a month to a year. No general rule can be laid down as to what is the best length of service. Two American firms, the Browning Company and the White Motor Company, both of Cleveland, have a rotary system of membership. In the Browning Company there are some new men at every meeting of the committee. In the White Motor Company the personnel of the committee changes monthly, but the average length of service is six months.

(7) *Other constitutional questions*—Supposing it to be settled what committees shall be established, who shall vote for them, and who is eligible for membership, there remain certain other constitutional questions.

Secret ballot desirable—In general, election should be by secret ballot. It is not clear what the English practice is—if there is any rule. Six or seven of the firms reporting works committees say members are chosen "by ballot"; one specifies secret ballot. The Macy Board specifies election by secret ballot. The War Labor Board states merely that the examiner or his substitute shall "have the power to make the proper regulations to secure absolute fairness."

Minority representation—The National War Labor Board, but not the Macy Board, has directed, in several of its awards,[2] that "the examiner shall provide, wherever practicable, for minority representation[3] by limiting the right of each voter to a vote for less than the total number of the committee to be selected." This is theoretically a wise provision, but in practice has not been found to work well on account of the difficulty the men have in understanding it. For this reason

[1] The National War Labor Board, in its instructions to its examiners, says: "Women should not be given representation ordinarily by means of separate committees, but by being given a definite number of members on the department committees where their numbers entitle them to places on the committees."

[2] Employees vs. General Electric Co., Pittsfield Works, Docket No. 19.

[3] Employees vs. Smith & Wesson Co., Docket No. 273. See Appendix VII, p. 244.

minority representation has not been provided for in any recent award. Minority representation, arranged in the simplest possible way and not adopted until it was thoroughly considered and understood by a works committee already organized might prove desirable. It should contribute to the task of securing fair representation to all interests, and might prove to be one method by which the problem produced by the presence of both union and non-union men in the same plant could be met. In certain American firms the employees elect half the members of the committee and the management appoints the other half—naming non-union men when the employees choose union men, and *vice versa*. Some minority representation plan would seem to give promise of better results, and would leave the choice of the entire committee membership where it should be—in the hands of the employees themselves.

Recall—The Midvale Steel and Ordnance Company's plan provides for the recall of committee members by petition of not less than two-thirds of the employees concerned.[1]

Officers—Existing works committees, in England, usually have two officers, a chairman and a secretary. Their tenure of office is often unfixed, although a fixed service with periodical election, not too frequent, seems desirable.

Secretary—The position of Secretary is of great importance. A good secretary may insure the success of the committee plan, a poor one, its temporary failure. A large part of the active work of the committee is usually done by the secretary. Difficulties are reported to him by the workmen, either directly or through a committee member, and he, upon consultation with the committee if the matter be of sufficient importance, brings the matter before the management. Such difficulties may often be settled at once, and their settlement simply reported to the works committee. A great deal of work may thus devolve on the secretary, as consulting the workmen and interviewing the management, and the secretary may thus carry upon his shoulders a large amount of current work, rendering it possible for the committee as a whole to deal with larger questions. Because of this function as a go-between, the secretary should have freedom of movement in the different departments of the plant without being required to ask the consent of the foremen or the superintendent. The amount of freedom necessary in particular cases, and the members of the committee to whom it should be allowed, will vary with the size of the plant and other circumstances. The duties of the secretary will interfere somewhat with his own work as an artisan, and he is bound to lose time.

[1] See Appendix V, p. 210.

Pay of the secretary—The question of the secretary's pay is important. In some cases he is paid ordinary time wages for the time he spends on his duties during working hours; where piece-rates prevail he may be paid the average wage of his craft; still another method is for his companions to keep his machine running in his absence. There is room for argument that the company should pay him full wages, but the employees may well object to this, on the ground that it would make him more the representative of the employer than of the men. In some cases the secretary is paid for his lost time by the employees.

Size of committee—Committees should be large enough to be representative without being unwieldy. On the works committee there should be direct representation of each shop or department; this insures a fairly large committee. In practice, committees vary in size from ten to thirty, and some of the recently established industrial representation plans in this country involve still larger committees. It is doubtful if real committee work can be done by a body of much over twenty members. A committee of ten or twelve will accomplish more real work than one of double the size, provided the smaller committee is representative of all interests. Where large committees are necessary there should be standing sub-committees for various purposes, and a sub-committee of the best men to represent the main committee in special conferences with the management. Where the works committee is a joint committee, the various shop committees may serve as sub-committees of it.

(B) *Procedure.*

Questions of procedure include time and frequency of meetings, preparation of agenda, distribution of minutes, provision for referenda, etc.

(1) *Time and Frequency of Meetings*—It is a question whether the committee should hold meetings at stated intervals or only as occasions may arise. There are arguments for and against either procedure. If regular meetings are held, or held too often, they may become perfunctory for lack of real business to do. On the other hand, they provide a known and regular time for raising questions, and they enable questions to come up in their initial stages, whereas if meetings are not held until occasions arise, conditions may have grown acute before a meeting is held. Finally, by bringing representatives of the men and management into constant contact, regular meetings accustom each side to seeing and acquiring interest in the point of view of the other. Employers complain that work people expect all questions

to be settled off hand and fail to realize that investigation may be necessary; this suggests another argument in favor of regular meetings. They form also a permanent and business-like substitute for frequent sectional deputations. The main thing, however, is that the committee, or its delegates, should have access to the management, and if need be to the highest officials whenever there is need of it.

Various plans as to time when meetings are held are followed:

(*a*) The meetings are held on company's time and the members paid full rates for time thus spent. This plan is most frequent when management and men have regular joint meetings. (*b*) The committee meets after working hours. As the works committee, to fulfil its purpose, must react to the interest of the whole plant—the employers' as well as the employees'—this plan does not seem quite fair nor likely to give the best results. (*c*) Meetings are held partly on company time, partly on the time of the men. This plan is workable in practice, provided the working day is not too long. Looked at in the broadest and best light, the contractual relation between employer and employee is one in which the employer purchases service—service of hand and of brain. If the works committees are worth while the men who attend their meetings and take part in their deliberations are performing a service to the employers; in so far as the committee system is successful it will make for the satisfaction and contentment of the employees; absenteeism and labor turnover will be reduced, and a community spirit built up in which the stop watch and piece bonuses will not be necessary to secure a fair, continuous rate of industrial output. The services of the committee will thus have a distinct value to the employer—a value to some extent measurable in money terms. It may, therefore, be argued that all committee meetings should be held on company time. In the long run, however, since the committees are designed to the mutual benefit of employer and employees, the latter may prefer, in self-respect, to donate part of the time spent in meetings.

(2) *Time the management should devote to committees*—The amount of time the management will need to give to joint conferences will vary. One committee in an English establishment, in which the relations have always been good, has met the management on an average only three times a year in the last twenty-four years, though since the war the number of meetings has increased to seven a year. During the whole existence of this committee, however, the right of separate trade representations to meet the management has been freely used. It goes without saying that during the war, and through the even more trying period of reconstruction to come, works committees will be called upon to spend much more time and thought on questions of organization and employment conditions than in settled times of peace. It should be evident, also, that those employers and those groups of

employees who shall have caught the co-operative spirit and prefer to solve the questions and differences that arise between capital and labor by the fair and square method of open discussion, rather than in the old-time coercive and contentious way, will be glad to devote a large amount of time and energy to joint conference.

(3) *Place of meeting*—The employer should provide a suitable place for committee meetings. This does not mean a corner in a drafty machine shop, but a comfortable room large enough to seat the entire committee. If they can be seated about a large table, so much the better. The management should also provide a filing cabinet, a typewriter, and when necessary the services of a typist or stenographer. In the initial stages of works committees in this country, the question of meeting place is likely in some instances to be a bone of contention. Some employers will want all meetings held on the plant premises, under the eye, so to speak, of the management; on the other hand some uncompromising unionist employees will be zealous to guard the influence of their unions and will want meetings held outside, in some public hall, perhaps even at the headquarters of the local union. All that can be said of such a situation is that it does not argue well for the success of the committee. If the men cannot hold their meetings in the plant without fear or suspicion of management influence, and if the management fears, because of antipathy to union influence to have the men hold their meetings wherever they please, a rock of suspicion and contention stands in the way from the outset. The only way around it is through a tentative give and take on both sides. Let some meetings be held inside the yard, some outside, until it is demonstrated beyond a doubt that both sides are playing fair, or that one or the other cannot be trusted.

(4) *Procedure in meetings*—No general rules can be laid down on this matter, further than to say that the employees should be left to develop their own rules. Where there is an employment manager who has the proper confidence of the men he will no doubt be frequently consulted, but he should be scrupulously careful not to "lead" too much. In joint committees a representative of the management may preside; in some cases—and this is the better practice—a representative of the management presides at one meeting and a representative of the employees at the next.

Procedure is usually informal. The procedure of joint committees is determined by their essential nature and function. The functions of works committees are practically always consultative. Without the concurrence of the management they can settle nothing. "The management has the executive power, and unless the management is impressed by the representations of the members of the committee, or

by the sanction which lies behind them, those representations will not lead to executive action."[1] Ordinarily, therefore, the deliberations of a joint committee must result in unanimity of opinion on essential points, although there are cases in which a majority rule is accepted as decisive. Where this is the case, the constitution of the committee usually provides that representatives of men and of management shall be present in equal numbers.[2] Such provision, however, tends to enhance the formality of the whole system, and under too much formality, mutual "touch" and confidence are not so likely to be attained. The operation of a joint committee is really in the nature of a consultation between two parties—consultation which, if it results in unanimity, results in action, but not otherwise. It is a mistake to think too much in terms of voting, or to think that even if there is voting, its result is to be a formal decision by a majority vote. What should take place is rather discussion by which misunderstanding is removed.[3]

(5) *Agenda*—In English plants, a list of agenda is circulated in order that committee members may know before hand what is to come up. Preparation of business for a coming meeting is the function of the secretary.

(6) *Minutes*—In some plants the minutes of each meeting are typed and sent to the various shops. They may be posted on the bulletin boards. One American employer objects that the men waste too much time about the bulletins when this is done. It may be, however, that interest manifested in committee action does not represent a real waste of time.

(7) *Referendum*—In very important questions the committee may decide to submit proposals to all the employees of the shop, or the plant, as the case may be. Ordinarily this should be done in writing, and time given for calm consideration and decision. Mass meetings are impracticable in large plants and should be resorted to sparingly in any plant, large or small. Mass meetings, as a method of pure democracy, too easily become a device of demagoguery, either on the part of the management or the men. The good talker always gets a hearing, whether his ideas are good or not.

(8) *Relation of the works committee to foremen*—The foreman occupies a peculiar and difficult position. On the one side he represents the management; upon him devolves the duty of getting as much as he can out of the workmen. On the other hand, he is not, strictly speaking, a part of the management; his interests and tastes are ordinarily those of the working class to which, socially, he belongs.

[1] Works Committees, p. 27.

[2] For instance, in the Colorado Fuel and Iron Company Industrial Paln. See Appendix V, p. 170.

[3] Works Committees, p. 28.

His point of view is thus a mixture and a compromise. Some foremen attempt to be tyrannical and will decide every doubtful case in favor of the employer. Others lead their men by sympathy, tact, and real endeavor to give the men as well as the company a square deal.

Were all foremen of this latter type—properly chosen on the basis not only of their technical ability, but of their sympathetic understanding and fair-mindedness—there would be little objection to their sitting as members of shop and works committees. Unfortunately, however, it is not possible to have workmen and foremen so harmoniously related that grievances will not arise. Moreover, foremen are likely—being only human—to oppose any change of process or organization which threatens to encroach upon the powers they have hitherto exercised. These considerations led the investigators for the British Ministry of Labor to conclude that foremen should not be members of the shop or works committees, although separate foremen's committees may be recommended.[1] Mr. C. G. Renold advances another objection, based upon the extensive experience of his company. In any but very small plants, he holds, it would hardly be possible to make all foremen members of the works committee, and for two reasons: First, discussion would be less frank if foremen were present, as they could hardly avoid being on the lookout for attacks upon their authority. One of the main advantages of a works committee scheme, Mr. Renold further holds, is the opportunity for workers occasionally to get past the foremen into direct touch with the higher management. Second, the management should be represented, where there are joint committees, by the highest active plant officials of the firm, and to include the foremen would make the committee too cumbersome.[2]

It is conceded that it would be unfair, however, to the foremen if they were not kept informed with regard to what the committees are doing. Previous notice should be given of all subjects to be brought up at a works committee meeting, so that a full agenda may be prepared. This agenda should then be circulated freely among the foremen and others of the lower grades of management, so that they may know what is going on. Full minutes of the proceedings should also be circulated to all grades of management. These and other arrangements which may suggest themselves will make it possible to leave the foremen out of the membership of committees without, at the same time, undermining their authority.[3]

Exclusion of foremen from shop and works committees does not mean by any means that they are to be set off by themselves and given no share in the co-operative management of labor conditions. As just

[1] Works Committees, p. 29.
[2] Kirkaldy, Industry and Finance, 1917, pp. 183-185.
[3] Works Committees, pp. 28, 29, also Kirkaldy, Industry and Finance, pp. 183-185.

noted, they are to be kept informed with regard both to business to come before the committee and to what the committee has done. Knowing what is coming up, they have a right to make suggestions to the secretary and to talk with the men.

Beyond this, however, some measure should be taken to develop the *esprit de corps* and co-operative tendency among the foremen themselves. This may be done either through committees of foremen, through lectures and talks to foremen by the employment manager and others, or through typed matter put into the hands of each foreman at suitable intervals by the works management. General works lectures and lectures to the management and staff by an outside expert called in to make a survey of the entire concern have been instituted by an English firm with flattering success.[1] Special lectures by a sympathetic expert observer and critic may be given to the foremen alone.

A better plan involves the formation of a foremen's committee or association. This plan has been started by the Mobile Shipbuilding Company, Mobile, Alabama. The General Manager of this Company, Mr. Frank McLaughlin, describes this organization as follows:

> *Foremen's Committee*—We have formed what is known as the Moshico Foremen's Association. As its name signifies, it represents all the foremen employed by our company. To become eligible for membership in this association, candidates must be classified upon our books as foremen or leading men in the yard. The By-laws Committee have ruled that our General Superintendent and all Assistant Superintendents and foremen below him are eligible for active membership. The same committee has ruled that all the officials of the company, from the President to the General Superintendent, are eligible for honorary membership. The Moshico Foremen's Association has at present sixty-three members. A bi-weekly dinner is given every other Monday night. The business sessions convene immediately after the dinner and last for two or three hours. Foremen's meetings are also held in the yard at least twice a week, where views are exchanged. We find that the bi-weekly dinner is a great factor in promoting harmony and good feeling among the various foremen.[2]

While examples of full-fledged works committees or systems of co-operative management are few and far between in the United States, there is indication that some sort of foremen's committee, or committee of executives including foremen, is not uncommon. In some cases the committees are in the nature of production or efficiency committees, in which case they may or may not contribute to good feeling

[1] See Garton Foundation, Memorandum on the Industrial Situation after the War (Emergency Fleet Corporation Reprint) p. 76.

[2] Letter, August 20, 1918.

between management and employees. This will depend largely upon the personality and point of view of the men who take the leadership in managment matters.[1]

General principles which should govern procedure—Certain general principles should govern the procedure of committees. While no general rules can be laid down for all types of committees, the following principles should be kept in mind:

(1) As much democracy in committee action as is consistent with efficiency and promptness should be sought for. Important questions should go to a referendum. Even where this is not necessary, it will help to keep up the interest of the workers at large, who may at times carry into industrial democracy that same apathy which more highly educated citizens not infrequently evince in the field of political government.

(2) Do not multiply red tape or extend formalism unnecessarily. In small committees strict parliamentary usage is not necessary. In large ones it is.

(3) See that the committees have something to do and do it. Otherwise interest will lag, and sooner or later both the management and the employees will say that the committees do not amount to anything. Here and there a firm complains of this lack of interest without being able to state the causes. These probably lie in the absence

[1] The following are a few examples of committees upon which foremen sit, which have come to notice through letters from industrial firms:

Cornell Wood Products Co., Cornell, Wisconsin.—"Foremen meet monthly with executives of the property who are located at the plant and discuss the various problems which have come up the previous month."

Pemberthy Injector Co., Detroit.—There are monthly meetings attended by the various foremen, the superintendent, and other executives of the company. "We have also made it a practice to invite three or four employees to attend. At these meetings criticisms and suggestions relating to our shop practices and policies are invited, and if the criticism is sound, a committee is appointed by the chairman to investigate and report their findings and suggestions at the next meeting (unless the matter is satisfactorily settled by discussion when it is first put forward), at which time the remedy proposed is discussed and criticized, and if it appears practical, put to a vote. If the majority are in favor, it is immediately tried out in the shop. From the time it is in practice in the shop, its continuation is left entirely in the hands of the management to decide."

Everlastick, Inc., Bridgeport, Conn.—"We have seven plants. In all of these plants we have meetings of the foremen and heads of departments to consider all practical questions in connection with the operation of the mill, and working conditions. The question of wage is not a matter for discussion at these meetings. All other matters, however, are proper for discussion at these foremen's meetings."

F. C. Huyck & Sons, Albany, N. Y.—"Our organization is small and we employ 475 men, women, boys, and girls, and they are nearly equally divided. Most of our foremen have grown up from the ranks and with our superintendent and the officials of the company form a committee for the whole plant."

Standard Woven Fabric Co., Walpole, Mass.—There is a foremen's committee, which holds weekly meetings "at which plant matters are taken up and discussed, such as suggestions, changes, and personal matters. This system has been in operation approximately a year and works well."

Wm. Demuth & Co., New York City.—This company in 1917 established an "industrial democracy" plan modeled on the analogy of the Federal Government, with a House of Representatives, a Senate, and a Cabinet. The latter consists of the higher executive officers. The Senate includes superintendents, heads of departments, and the foremen. (See article on "An Industrial Democracy," by Ellsworth Sheldon, in *American Machinist*, August 1, 1918).

A Massachusetts firm which does not wish to be named has what it calls an *operating committee*, appointed by the management and consisting of the foremen and sub-foremen of the various departments. This committee meets regularly once a week and considers questions pertaining to the various departments. It has been able to make some very helpful suggestions, and has decidedly increased the co-operation between the different departments. It reports its recommendations to another committee called the *efficiency committee*, consisting of the heads of departments, which in turn refers such of its findings as it deems necessary to the president.

of an active and progressive employment service department, and in lukewarmness on the part of the management toward the committee idea. The guidance and success of the committee depend largely upon its secretary and the employment manager.

(4) See that committees are organized on a thoroughly democratic basis, in order that all classes of employees may be represented and have a hearing. There is no inherent reason why the office force should not have its own committees, and perhaps be represented on the general works committees.

(5) Let co-operation and frankness be the watchwords.

Chapter V. Works Committees In the United States

Interest in co-operative management—There are unmistakable indications that interest in co-operative management and especially in works committees is growing in this country. These indications are to be found in the actual or proposed institution of committees in various plants, in official and semi-official pronouncements on the subject, as well as in the committees which have been set up, in shipyards and elsewhere, under Government encouragement or direction. Most important to the future of co-operative management is the attitude of organized labor as well as that of capital.

American Federation of Labor—One of the most significant utterances is that of the Executive Council of the American Federation of Labor:[1]

> The Executive Council believes that in all large permanent shops, a regular arrangement should be provided whereby:
>
> *First,* a committee of the workers would regularly meet with the shop management to confer over matters of production; and whereby:
>
> *Second,* such committee could carry, beyond the foreman and the superintendent, to the general manager or to the president, any important grievance which the workers may have with reference to wages, hours, and conditions.
>
> It is fundamental for efficiency in production that the essentials of team work be understood and followed by all. There must be opportunity for intercourse and exchange of viewpoints between workers and managers.
>
> The constructive demands outlined above are predicted upon the basic principle of the right and opportunity of workers to organize and make collective agreements. There is no other way to bring about co-operation for production except by organization of workers. Organization is the orderly system for dealing with questions which concern Labor in order that decisions and adjustments may be reached that further the best interests of all concerned. Employers and workers must talk over matters of mutual interest and reach understandings. In present large scale industry this can be done only by use of the representative system of what is commonly called collective bargaining, which is the foundation of all effective, just labor administration.

[1] Thirty-eighth Annual Report, 1918, p. 85.

The Executive Committee of the Socialist Party, at a meeting in Chicago, August 10, 1918, adopted a Reconstruction Program, which contains the following paragraphs:

"Self-government in industry is the first essential of a truly democratic nation, and the only guarantee of real freedom for the workers. The Socialist Party, therefore, demands that the right to organize be a fundamental right for all government employees, and that the right to strike be in no case denied or abridged.

"In all industries controlled by the government there shall be established principles of democratic management of the conditions of employment by shop commitees, elected by the workers."—The *Survey,* Sept. 7, 1918, p. 641.

Chamber of Commerce of the United States—On October 23, 1918, the committee on Industrial Relations of the Chamber of Commerce of the United States issued a set of "Preliminary Suggestions for Referendum on Industrial Relations." While this document does not definitely recommend works committees, it calls attention to the Whitley Committee recommendations and declares that:

> Industrial relations which the worker himself has a hand in creating are likely to be more satisfactory even though they are intrinsically no better than others not so created. Autocratic authority is likely to be suspected and resisted because the reasons for its acts are often not understood and its motives are assumed, of course, to be selfish. Further, under "right principles to govern industry," it declares:
>
> The right of the worker (as well as any other group in a democratic country) to organize voluntarily for collective action not inimical to the general welfare cannot be denied or resisted without creating a sense of industrial injustice. Power developed by organization, however, cannot be permitted to work injury to the national welfare nor to demoralize the industrial process. It is the duty of government to require that both management and men function efficiently and mould their motives.

In a later memorandum, dated December 2, 1918, the Committee on Industrial Relations, gives more definite expression to its interest in co-operative management, and urges the formation of "national adjustment boards" in each industry.

> The adjustment of industrial relations, not by conflict, but by agencies established for the purpose in which the workers' interest has equal influence with that of the employer is your Committee's suggestion to meet the situation. Where employer and employees are able by joint action to create an effective agency for the regulation of their industry on the basis of right principles, the necessity for federal or state control or interference will be minimized.

The process of organizing adjustment boards for the standardization of wages, hours, and conditions of employment, for the interpretation and application of such standards, and for their enforcement, has been going forward. Your committee approves this principle and urges the various industries to hasten the organization of National Adjustment Boards in each industry following the example of the metals, building, and needle trades, to meet the difficult problems of reconstruction.

The Committee now voices definite approval also of works committees:

Employees should be accorded a voice in determining the conditions under which their work is performed by the untrammeled election of plant and shop committees to deal with these matters in conjunction with management.

Furthermore, the Committee takes a leaf out of English opinion and sees in the formation of national joint councils a way to regulate competition and to establish standards, as well as to secure good feeling between labor and capital.

Industrial managers acknowledge that employment conditions are frequently not satisfactory, but they show that the pressure of competitive conditions may make it impossible for the single employer or individual enterprise to improve upon them. The plan of organizing adjustment boards provides a remedy for this difficulty by assisting each industry or trade to establish standards for itself, protected against the demoralization of these standards by competition. The policy of determining industrial relations (wages, hours, and conditions of employment), not only by a process of measuring the economic strength of the worker against management, but by a process in which reason, public policy, human needs, shall predominate over might, has one great advantage—it disposes of at least three-fourths of the causes of friction and strife between the employer and his employees. Private enterprise and initiative, exercised constructively, will be accelerated rather than discouraged by thus protecting standards of industrial relations to fit the accepted ideas of economic justice.

Power won from a reluctant employer by labor, organized economically or politically, is likely to be used more unscrupulously and with less constructive wisdom or regard for public welfare than is a participation in management granted by employers in recognition of a moral right of the worker to have it, in so far as he shows himself competent to exercise it without abuse and wisely.

Thus we have the leaders of organized labor on the one hand and representatives of capital on the other, if not actually advocating co-operative management, at least lending an ear to those who do. This is, of course, by no means proof that the rank and file of organized labor or of employers will take kindly to the idea, at least for some time to come.

Pronouncements from governmental agencies—From Government agencies we have the awards of the various war labor adjustment boards, the circulars of the Information and Education Section of the United States Department of Labor and a pronouncement from the War Labor Policies Board.

The Information and Education Service of the Department of Labor, in the Summer of 1918, requested manufacturing concerns all over the country to establish so-called "war industries committees." The functions of these committees were limited to patriotic service: (a) "calling meetings when government representatives are sent to address the men, (b) arranging for the distribution of government literature, (c) arranging parades and other patriotic demonstrations, (d) keeping all informed on war matters and government activities, so that, knowing their country's needs, both employers and employees will eagerly respond to the call of duty." It is probable that a certain number of these committees organized for patriotic service may form the nuclei from which later genuine industrial committees will develop.

The War Labor Policies Board, on October 18, 1918, issued a statement of "Standards Governing the Employment of Women in Industry." This statement contained the following section:

> The responsibility should not rest upon the management alone to determine wisely and effectively the conditions which should be established. The genuine co-operation essential to production can be secured only if definite channels of communication between employers and groups of their workers are established. The need of creating methods of joint negotiation between employers and groups of employees is especially great in the light of the critical points of controversy which may arise in a time like the present. Existing channels should be preserved and new ones opened if required, to provide easier access for discussion between an employer and his employees.

Finally, the decisions of the National War Labor Board, the Shipbuilding Labor Adjustment Board, and scattered Government awards elsewhere, have provided for the establishment of shop committees in plants engaged on Government work.

Shipbuilding Labor Adjustment Board decisions—The Shipbuilding Labor Adjustment Board embodied a provision for "shop" committees in most of its original awards for the various shipbuilding districts. The first mention of shop committees in shipyards is contained in an "Agreement as to Working Conditions Between Employers and Employees in the Yards of the Columbia River District." This agreement was made an integral part of the Macy Board's "Decision Touching Disputes in Shipyards of San Francisco Bay and Columbia River and Puget Sound District." This was signed November 4, 1917. The shop committee provision, which applied specifically to the Columbia River District, was as follows:

> The employees in each craft or calling in a shop shall have the right to select three (3) of their number to represent them as members of a shop committee. Each member of this committee shall be chosen by a majority vote through secret ballot in such manner as the employees shall direct. The chairman of each craft committee shall be a member of the joint shop committee.
>
> When a grievance arises it shall be taken up by the committee, first with the foreman, second with the superintendent. In the event the question has not been adjusted the committee shall then take the matter up with the president of the company. If the matter cannot be adjusted between the shop committee and the president, the shop committee shall have the right to call into conference with the president a representative chosen by the committee. In case the president fails to adjust the matter satisfactorily, it shall be submitted to the examiner to be appointed by the Shipbuilding Labor Adjustment Board as provided in memorandum of August 20, 1917, which is attached hereto and make a part hereof.

This new method of handling grievances in shipyards may well be compared with the directions for the San Francisco District, which read:

> Such grievances as do not relate to the subject of hours or wages covered by this agreement, which may arise in any shop, shall be given consideration as follows: Upon complaint being made by either party to this agreement in writing, the duly authorized representative of the firm and the business representative of the union, or the representative of the Iron Trades Council, who may be elected to represent the union, shall immediately proceed to the shop or shops where such grievances exist and endeavor to mutually settle the same.

Negotiations in the San Francisco District were thus left, by joint agreement, to be carried on directly between employers and union

officials. The same was true in the Seattle District. In the Los Angeles District shop committees were established in some plants, but were soon controlled largely by the unions.

Provisions identical to those in the Portland District were embodied in the Decision for the South Atlantic and Gulf Shipyards, March 4, 1918. There was added, however, a third paragraph:

> Any committeeman appointed hereunder who shall be found to have been discharged without just or sufficient cause after the investigation in the manner herein provided for the adjustment of grievances shall be reinstated with full pay for all time lost.

The same provisions were included in the Decision for the North Atlantic and Hudson River Shipyards, April 6, 1918.

In the Decision for the Shipyards about the Great Lakes, April 19, 1918, the shop committee sections were prefaced as follows:

> The shipyard owners are directed to co-operate with employees in making effective the following rules in reference to machinery for the settlement of industrial disputes.

In the Decision for Delaware River and Baltimore Shipyards, February 14, 1918, corrected and extended April 6, 1918, no provisions for shop committees appear.

The original inclusion of the shop committee provision for the Columbia River District was due to the situation in Portland, where anti-union policies had long been pursued by most of the shipbuilding companies and some compromise plan between anti-union and outright union was necessary.[1]

On October 24, 1918, the Macy Board issued two decisions,[2] "as to wages, hours, and other conditions," which superseded all its previous decisions. One of these new decisions was for the Pacific Coast Shipyards, the other for the yards along the Atlantic and Gulf coasts and the Great Lakes. Section IV in both of these decisions reads as follows:

> *Shop Committees for the Adjustment of Grievances*—Shipyard owners not parties to joint agreements with the labor organizations of their respective districts are directed to co-operate with their employees in making effective the following rules in reference to machinery for the settlement of industrial disputes; provided that shipyards having in operation substantially similar rules may, on the recommendation of the district examiner approved by the Board, be permitted to continue such rules in operation:

[1] Letter of H. R. Seager, Secretary of the Board, September 9, 1918.
[2] These are dated October 1.

(1) The employees of each craft or calling in a shop or yard shall have the right to select three of their number to represent them as members of a shop committee. Each member of this committee shall be chosen for a term of six months by majority vote through secret ballot, in such manner as the employees may direct. Vacancies for an unexpired term shall be filled by ballot. Members of an outgoing committee shall be eligible for re-election. The chairman of each shop committee shall be a member of a joint shop committee. The joint shop committee shall by ballot select five of its members to act as an executive committee to represent it in conferences with the superintendent or higher officials of the company. In contested cases, the district examiner shall decide as to the validity of the election of a shop committee and supervise a new election when he deems such new election necessary.

(2) When a grievance arises it shall be taken up by the craft or laborers' committee with the foreman or general foreman. Failing an adjustment, the craft or laborers' committee may then take it up with the superintendent and may call in the assistance of a representative chosen by the committee to confer over the grievance with the superintendent or the higher officials of the company. If the grievance concerns more than one craft, it shall be handled through the joint shop committee, first with the superintendent, and, then failing a settlement, with the higher officials of the company. In such conference with the superintendent or higher officials, the joint shop committee shall have the right to call in the assistance of a representative chosen by the committee. In case such conference fails to result in a satisfactory adjustment, the grievance shall be submitted to the district examiner.

(3) Any committeeman elected in accordance with the provisions of this section, who shall be found to have been discharged without just or sufficient cause, after due investigation in the manner herein provided for the adjustment of grievances, shall be reinstated with full pay for all time lost.

These two decisions cover the whole country and give the employees of any shipyard which comes under the authority of the Macy Board the right to organize shop committees. It should be noted that the Macy Board decisions grant to the employees of "each craft or calling" the right to form a shop committee, and that the employers are "directed" to co-operate with their men in the matter. Attention should also be called to the "joint shop committee" made up of the chairmen of the craft committees. This "joint shop committee" would

more properly be called a works committee. The method of its constitution was adopted in deference to the craft lines upon which unions are organized. Membership on the works committee is thus based on craft, and not on departmental representation.[1]

Unfortunately there is available comparatively little information as to the actual operation of committees in shipyards. Where the proper spirit has been manifested by the employer and the unions have not been too aggressive, the committees appear to have been successful.[2]

In the Portland (Oregon) District the committees for a time did not function well. The reasons for this failure are given by one familiar with the situation as follows:

(*a*) Not all yards have definitely constituted committees with regular periods of meeting; nor are all crafts within the yards so organized.

(*b*) The committees do not consider more than 20 per cent of the complaints arising under the Macy Board decisions. The other 80 per cent are taken up with the examiner by either the business agents of the various unions or by the direct appeal of the interested parties.

(*c*) Jealousy of the local unions. Unions do not wish the committees to usurp their functions. They evidently do not want industries to be organized vertically, but rather transversely.

(*d*) Indifference of workers. The men are busy and are earning good wages and do not take very much interest in organizing these committees.

In the Great Lakes District it was found that the committees were not functioning well, because disputes, instead of going through committee channels as they should, were taken directly up to the district examiner representing the Macy Board and the Emergency Fleet Corporation. To remedy this situation, it was decided that both men and employers should be encouraged to regard the committees as in a sense representative of government interests, in that they are a part of the machinery for avoiding or settling industrial grievances and disputes which would otherwise interfere with production in war time. The Board on November 1, 1918 accordingly issued the following "Statement in Reference to Shop Committees." It applied only to the Great Lakes District:

> In interpretation of Section IV of the Decision of October 24, and to clear up certain ambiguities in the phrasing, this supplementary statement for the guidance of joint shop committees is issued:

[1] The committee system in the Sparrows Point (Md.) plant of the Bethlehem Shipbuilding Corporation—a system which has tentatively been accepted by the Macy Board as "substantially similar" to the system prescribed in its Decisions—is based upon departmental and not on craft lines.

[2] See, for illustration, the committees in the Mobile Shipbuilding Company's plant at Mobile, Alabama,—Appendix V, pp. 212 214.

(1) The joint shop committee is to be guided in its work by the knowledge that it is acting in the interest of the government and that it is, next to the examiner, the principal medium for the adjustment of all grievances presented by either the men or the company. It should deal with grievances as a judicial body and is to do its utmost to effect a settlement in accordance with the provisions of the award without recourse to the examiner, who is to be called in only as a last resort. It is understood that it is to approach all questions in dispute in a non-partisan manner and give the government the benefit of its fair minded judgment. It is to render decisions that will be considered fair and impartial.

(2) The executive committee is intended to assist the joint shop committee in the transaction of its business, but may be dispensed with if in the judgment of the examiner and the joint shop committee it serves no useful purpose.

(3) Where joint shop committees are established and operate under the guidance and supervision of the examiner, a craft committee should not call in an outside representative until after the joint shop committee fails to effect a satisfactory settlement.

(4) The examiner must see to it that grievances referred to the joint shop committee are promptly and efficiently dealt with. He is, therefore, authorized to approve any reasonable plan by which the joint shop committee may meet under proper conditions and at regular intervals.

(5) The joint shop committee should impress upon the men their obligation to the Government to make their maximum contribution to the production of ships. Any failure on their part to work on Saturday afternoons or the prescribed number of hours on other days or to comply with other rules laid down by the Shipbuilding Labor Adjustment Board or by the District Manager of the Fleet Corporation designed to secure maximum ship production, must be condemned as evidence of an unwillingness on their part to play fair with the Government and carry out the implied obligation resulting from acceptance of the benefits of the machinery created by the Government.

The committees in most of the Great Lakes District shipyards are now (December, 1918) functioning fairly well. Of the twenty-two companies on the Great Lakes, fifteen have established committees. Of these fifteen, eleven report that the committees are functioning "fairly well," two report "average," and one reports "poor." One large company operating a number of yards reports that committees are not functioning in all departments. The partial failure of the committees to function properly is explained by the fact that "about everything

covered by the initial (Macy Board) award was promptly conceded. Therefore, there was little, if anything, left for shop committees to do in departments working exclusively on an hourly rate basis. The committee in the riveting department is quite active on account of the various items of piece-work ratings which required adjustment with change of type or arrangement of values." In another yard seventeen craft committees were elected. This made the joint shop committee too large and it was subsequently reduced to an executive committee of five, which is handling all grievances in a satisfactory manner.

In the South Atlantic and East Gulf Coast shipyards, out of forty-two reporting twenty-four report committees functioning, although some have been but recently organized, two report committees functioning "poorly" and three report committees "not functioning." Information is not at hand with regard to the actual working of these committees. In the Gulf District, comprising the Louisiana and Texas Coast, nine shipyards report committees, all of which seem to be working in satisfactory co-operation with the company officials.

In the North Atlantic District the committee plan has but recently begun to make headway. Two plants in Portland have committees functioning "fairly well." A plant in Connecticut has a shop committee composed of men of unusual intelligence, and therefore naturally functions well. In the steel shipyards of New England the committees seem to give promise of excellent work. The committee plan established in the Bethlehem Shipbuilding Corporation's plant at Sparrows Point, Md., is given in Appendix V.

Obviously a decision of a government board, unless it applies to a specific situation, will hardly enter into details as to the manner in which an award is to be carried out. Accordingly, we find in the Macy Board's decisions no directions or recommendations with regard to time and place of meeting, minutes, referendum, or officers other than chairmen. Nothing is said as to whether meetings are to be held within plant precincts or outside, or whether the men are to meet on company's time or their own. All these details are left to the discretion of the District Examiner. So far as information is available, the referendum and minority representation have not been tried in connection with any shipyard committee under Macy Board auspices. Payment to committee members for time spent in meetings is left to the decision of the examiner. In one district pay is allowed to the extent of one hour a week—the man getting the hourly rate of his trade. In another district the examiner contemplates payment of two dollars a meeting to each member.

In certain instances, as has been the case also with committees prescribed by the National War Labor Board, difficulties with regard to

elections have occurred. In some cases the local unions elected committee members at their own meetings. In some instances the Macy Board has overruled such election and directed the examiner to hold another election in some neutral place, in which all workers, whether union or non-union, should be allowed to vote. In at least one instance, also, the Board held an election illegal because it had been held in the company's office, which was regarded as not neutral. Sometimes the employees, sometimes the unions, have attempted to control the committees, but it is felt that in most cases fairly representative committees have been secured.

The National War Labor Board has provided for works committees in at least thirteen of its many awards.[1] The War Labor Board has in general given more detailed attention to the organization and operation of works committees than has the Macy Board. A memorandum on election of committees, which indicates how carefully the War Labor Board has considered the matter, is given in Appendix VII.

Other boards and decisions—There have as yet been no shop committees set up by the *National Adjustment Commission* (which handles longshoremen and sailors disputes). The chief difficulty here is the mobility of labor and the fact that there is no real "shop." Mr. R. P. Bass, the Chairman of the Commission, has made the recommendation, however, that port or harbor committees be set up. Such committees would be somewhat similar to the elaborate community committee set up at Bridgeport by the War Labor Board.

No shop committees have been set up by the *Emergency Construction Wage Commission* which handles construction work for the War Department. The War Department, in this respect, deals only with representatives of organized labor, preferably the Presidents of the International Brotherhoods. If the men on the particular construction work are not organized, the War Department handles the situation itself on the basis of union scales and conditions in the vicinity.

The Saddlery and Harness Commission has established no committees.

Professor William Z. Ripley, Administrator of Labor Standards for Army Clothing, Quartermaster's Corps, in the case of Wanamaker & Brown, Philadelphia, May 23, 1918, held that since a majority of the workers were union members and a partial recognition of the union had already been accorded, it was proper to direct adjustment of disputes by a representative of the firm in conference with a representative of the Amalgamated Garment Workers' Union. However, non-union

[1] See Appendix VII.

workers were to be given opportunity either to elect an independent shop chairman or to authorize the firm representative to speak for them. The right of the employer to employ and discharge workers for any reasons other than legitimate union activities was affirmed, but the Administrator recommended strongly conferences with the representatives of the workers to maintain efficiency and discipline, a mutual spirit of accommodation, a recognition of the right of the employees to have some voice in determining the conditions of work and of the joint interest of all to eliminate friction for the sake of highest efficiency.

The *United States Railroad Administration* in General Order No. 13, issued March 22, 1918, ratified the method of adjusting disputes already in practice, with provision that the dispute could be carried up to Railway Board of Adjustment No. 1:

> Personal grievances or controversies arising under interpretation of wage agreements, and all other disputes arising between officials of a railroad and its employees, covered by this understanding, will be handled in their usual manner by general committees of the employees up to and including the chief operating officer of the railroad (or some one officially designated by him) when, if an agreement is not reached, the chairman of the general committee of employees may refer the matter to the chief executive officer of the organization concerned, and if the contention of the employees' committee is approved by such executive officer, then the chief operating officer of the railroad and the chief executive officer of the organization concerned shall refer the matter, with all supporting papers, to the Director of the Division of Labor of the United States Railroad Administration, who will in turn present the case to the Railway Board of Adjustment No. 1, which board shall promptly hear and decide the case, giving due notice to the chief operating officer of the railroad interested and to the chief executive officer of the organization concerned of the time for hearing.
>
> No matter will be considered by the Railway Board of Adjustment No. 1 unless officially referred to it in the manner herein prescribed.

A similar provision was made in General Order No. 29, May 31, 1918, relative to Railway Board of Adjustment No. 2.

The awards of the *Ordnance Department* provide not for shop committees, but for special mediation committees, one for each dispute, of three members, representing the men, the employer, and the Government, respectively. The only exception which has come to notice is an

award relating to women employees in the case of the United States Cartridge Company, Lowell, Mass.:

> "In harmony with the decisions of the War Labor Board giving employees the right to bargain collectively, arrangements should be made at once whereby female employees may have means for bringing grievances and other causes to the attention of the management through committees of their own selection."

The United States Fuel Administration announced on July 23, 1918, that at a conference between the Federal Fuel Administrator, Harry A. Garfield, and the international officials of the United Mine Workers of America, a complete understanding was reached with regard to jurisdiction in the adjustment of labor disputes. The Fuel Administrator created a Bureau of Labor to which all matters relating to labor controversies were to be referred for settlement. In the statement of principles agreed to by the representatives of the United Mine Workers of America and the Fuel Administration, the following section occurs:

> "On the basis of the foregoing understanding, which he regards as just and imperative in the present crisis, the United States Fuel Administrator has insisted and will continue to insist that any adjustment of labor questions in the coal mining industry, whether by joint agreement between operators and mine workers or by agreements severally made with the United States Fuel Administrator, shall embody wherever applicable and substantially the principles, provisions, and practices laid down in the Maryland and upper Potomac settlement of May 6, 1918, and recognize the authority of the International Union of Mine Workers in the organized fields and their jurisdiction over controversies arising in said fields."

The Maryland and upper Potomac settlement of May 6, 1918, to which reference is made, contains a provision for the establishment and recognition of mine committees. Mine committees shall be elected, and the management shall receive such committees to adjust disputes which the superintendent and the mine foreman and the employee or employees affected are unable to adjust. In case it is impossible thus to reach a settlement, the dispute shall be referred to an umpire appointed at the request of the United States Fuel Administrator, who shall have the right to review the appointment. Members of committees are given protection in the discharge of their duties. The right of employees to meet in peaceful assemblage shall not be interfered with or abridged.

Thus the Government in the coal mining industry very definitely recognized the place of workingmen's committees in the adjustment of labor disputes.[1]

The Loyal Legion of Loggers and Lumbermen—Mention should be made of the work of Colonel—now Brigadier General—Disque in bringing harmony and decent working conditions into the spruce logging camps of the Northwest. Colonel Disque, as head of Spruce Production Division of the Aircraft Production Board, organized the Loyal Legion of Loggers and Lumbermen. He gathered the employers, then the workmen, into groups, and finally secured an organization covering the entire spruce area of the Northwest. Joint committees of employers' and employees' representatives were appointed in the mills and camps; then district committees were established, and finally a Central Council, with headquarters at Portland. Appeals on grievances lie through the local committees and the district councils to the Central Council.

The employees' members of the district councils were elected by the men; employers' representatives were appointed by Colonel Disque. Employers and employees are each represented by three members. These six elect a chairman, who is a member of the Central Council.

What had been accomplished by the Loyal Legion of Loggers and Lumbermen by midsummer, 1918, is indicated in the Legion's Bulletin, No. 46:

> This, the first semi-annual digest of the accomplishments of the Loyal Legion of Loggers and Lumbermen, is submitted to the members with a view to visualizing some of the results obtained through their loyalty and co-operation with the War Department.
>
> (1) March 1, the eight-hour day was inaugurated in the camps and mills of the Northwest, the Loyal Legion being one of the prominent factors in this movement.
>
> (2) The 10-hour wage scale for eight hours' work was established and so graduated that every member now receives pay commensurate with the work he is doing.
>
> (3) Elected representatives of each local have been called together in conferences held in the Coast and Inland Empire divisions. These conventions have afforded the members an opportunity to present to Colonel Disque their ideas and suggestions pertaining to the general welfare of the Legion.
>
> (4) Your headquarters has made a sanitation survey of over 90 camps and mills, which survey has resulted in the publication of a pamphlet on camp sanitation and construction. These booklets

[1] See "Labor Adjustment and the Payment of Bonuses at Coal Mines," United States Bureau of Labor Statistics, *Monthly Labor Review*, September, 1918, pp. 186-188.

are now in the hands of every operator with the recommendation that the living conditions of the Northwest logger be brought to the new standard set by these experts on camp hygiene. Already some 350 locals have reported sanitary improvements made upon suggestions from this office, although the actual work of cleaning up has been under way for less than three months.

(5) There has been established a welfare department that acts as a clearing house for complaints and questions as to hours and wages and interpretations of the draft laws and other matters affecting the welfare of our membership.

(6) Our records indicate that some 250 locals have installed reading rooms, libraries, recreation and moving picture halls, and other healthful facilities for improving the leisure hours of the workmen in the forests of Oregon, Washington and Idaho.

(7) Fourteen officers and 125 enlisted men have been placed at the service of the members to assist them in developing the objects and purposes of the Legion. That something is being accomplished is best indicated in the fact that 1,500 letters a week pass through the Legion headquarters' office.

(8) Ninety thousand copies of a monthly magazine are being circulated for the benefit of the members of the Legion, and through this medium you are kept informed upon the progress and development of your organization as well as upon war events of current interest.

(9) Four complete moving picture outfits have been sent into the camps and mills from these headquarters, and an effort is being made to give every member the benefit of these industrial war pictures showing the relative value of your work to the Government's war activities in Europe.

(10) Strikes, sedition, and sabotage, which were rampant in this territory before the advent of the Loyal Legion, have been practically eliminated through the patriotic efforts of the 110,000 workmen enrolled under its banners.

(11) The general labor turnover, estimated at nearly 1,000 per cent a year, has been substantially reduced as a result of an awakened national pride, patriotism and interest in the war program of the Federal administration. Closer co-operation and personal relation between employer and employee have increased the harvest of war timber in the Pacific Northwest some 500 per cent during the last six months.

(12) Colonel Disque is authority for the statement that the cost of airplane and ship material to the allied governments has been greatly reduced through the earnest efforts of the members of this organization.

(13) A plan of education in new methods of preventing fires in forests and mills embraced in the territory of the Loyal Legion has been put into effect.

(14) The greatest forward step is still to be taken in the immediate future. We refer to the complete harmonizing of interests of laboring men and operators. To complete this in a manner fair and just to all, the laboring men must be represented equally with operators in all deliberations. This will be accomplished by creating in each local, district, and general headquarters a council the membership of which will equally represent employer and employee.

These councils will determine all problems of wages, camp conditions, hours of labor, overtime, etc., as provided for in a set of regulations which will be made up by the headquarters council. Complaint and discontent have made way for co-operation and appreciation, and it may be said in all candor and truthfulness that the unqualified success which has crowned the efforts of Colonel Disque and the Spruce Production Division and attracted such a full measure of national commendation and approval was made possible only by the loyal efforts and interest of the members in the task assigned to them through this Legion.

The Loyal Legion exists as the strongest industrial organization for war purposes in the United States. It has accomplished more in six months than any other agency could have accomplished in a like number of years. It is, therefore, the desire of those in charge to impress upon the members the necessity of keeping constantly in mind their pledge and their interest in this organization and its objects and purposes. We request that you feel free to communicate with these headquarters on any matter of general interest to the Government in its war activities. Our offices are open at all times to receive you and any matter that you may take up in writing will have our immediate attention.

By direction of Colonel Disque.
M. E. Crumpacker, Captain, A. S., M. A.,
Officer in Charge.[1]

The co-operative management plan as embodied in the Legion has been highly praised by the workers, the employers, and the press. It is clear that it bears considerable resemblance to the system of councils recommended by the Whitley Committee.

It is too early and conditions in the immediate future are too uncertain to say whether the semi-compulsory installation of works committees under the awards of the various war labor adjustment

[1] American Lumberman, August 24, 1918, pp. 42, 61.

boards will have appreciable effect either to quicken or retard the movement toward co-operative management in this country. Much will depend upon the temper of employers, who have undoubtedly been restive under government control of industrial relations and of employees, who will be restive during the period of withdrawal of governmental control and falling wages. If employers and employees have found that on the whole the committees formed under the pressure of war conditions have brought them nearer together and contributed to mutual understanding, good sense would dictate the continuance and improvement of the committee systems established. The conflict attitude, however, will not easily be subordinated, and the only form of compulsion that will keep to its subordination will be public opinion. In so far as the adjustment boards' awards have carried public opinion with them, an instant toppling over of the committees and a return to the old conditions would be looked upon by the public with disfavor and would be a matter for regret.

It should be pointed out that many of these awards have been made at the time of great industrial unrest, and that the committees set up in many instances are strictly grievance committees and nothing more. In fact, it may be said in general that the committees formed under the direction of the various government awards are not in the same class with works' committees voluntarily set up. They lie on the border line between genuine positive co-operative management and devices for compulsory conciliation (if the phrase may be allowed). This being true, their future is doubtful, but it is to be hoped that they will nevertheless pave the way for permanent committee systems. They will at least have familiarized both employers and employees with the committee idea to some extent.

Works committees in American industrial plants—When we turn to American experience with voluntarily organized committees, we find a few, but only a few, clear cut examples which throw light upon the proper organization and the successful functioning of co-operative management plans. No exhaustive investigation has been attempted; no questionnaire has been sent out. Several scores of letters of inquiry, however, were addressed to industrial firms, selected at random. Extracts from the more significant replies are given in Appendix V. Special attention is called to the plans in operation in the following firms:

> American Rolling Mills Company, The Browning Company, Hart Schaffner & Marx, The Irving-Pitt Manufacturing Company, The Joseph & Feiss Company—Clothcraft Shops, The William Filene's Sons Company, The Leeds & Northup Company, Mobile Shipbuilding Company, Proctor & Gamble Company,

Standard Oil Company, William DeMuth & Co., Colorado Fuel and Iron Company, Midvale Steel and Ordnance Company, Bethlehem Shipbuilding Corporation, Bethlehem Steel Company.

A list of personal opinions both favorable and unfavorable on the part of firms which have not instituted any form of committee system is also given. In general it may be said that the companies which have committee systems are favorably disposed and some which do not have them are seriously contemplating their establishment. Many other firms evince a desire to know something about the works committee idea. In a few cases hostility to the idea is expressed on the ground that it involves collective bargaining and recognition of "outside influences." There are other cases in which the company has recognized the unions, bargained collectively, and established a committee system not unlike that recommended by the Whitley Committee. In this latter class clearly belongs the elaborate system in operation in the plant of Hart, Schaffner & Marx, Chicago. A similar very successful system, not involving questions relating to union organization, however, is that of the William Filene's Sons Company, Boston.

Size of plant in relation to committee system—The elaborate industrial representation systems, set up in large plants like those of the Standard Oil Company, the Midvale Steel and Ordnance Company, the Colorado Fuel and Iron Company, and the Bethlehem Steel Corporation, while of high interest, carry for industry at large no greater information and lesson than do the committees organized in smaller concerns. Committees can be found in this country in firms of all sizes.

Size is a matter of importance in determining the desirability or necessity of organizing works committees. The larger the plant the greater the need for committees and the more help they will be in securing understanding and co-operation between men and management. In small plants where the manager can know by name and perhaps have a personal touch with every workman, the need is much less. Such managers are almost sure to take the position that they do not need committees. Yet it is not only persons who are strangers to one another who can accomplish by collective discussion and representative committee action what they could not individually, but friends and acquaintances as well. The ancient folk-moot was not an association of strangers, nor were the wise men who circled around the tribal council fire known to one another only by number. If the manager of a small plant can meet his men individually in a man-to-man, human way, there is every reason to think that he could turn this human touch to collective account through friendly discussion and planning around a joint committee table. Even in the small shop

committee action "may help to bring to light difficulties, needs, feelings, and defects which might otherwise have remained concealed."[1] The fact remains, however, that in large plants, with thousands of employees, where personal touch between management and individual workmen is impossible, works committees constitute the necessary machinery for the establishment and maintenance of the co-operative attitude.

A perusal of the Appendix will show also that committees in American firms are of very diverse type and organization. A wide range of function is also represented, although for the most part American committee functions are as yet limited to the consideration and settlement of grievances. There is much indication, however, that as time goes on the function of committees in this country will be extended and much more definitely defined.

No good purpose would be served by an attempt at an extended analysis of American experiences as shown in these letters. This should await fuller developments and a more careful inquiry than it has been possible to make at the present time.

Many letters were received which show that the writers did not have an adequate conception of the meaning of the term "shop committee" or "works committee" and had given little or no thought to co-operative management.

In the light of English experience and of the favorable results which have been obtained with works committees in some American establishments, is the works committee plan likely to prove capable of wide application in the United States? Undoubtedly it will encounter difficulties here greater than those in England. Employers' attitude is probably not so favorable here. A still greater difficulty, however, may be found in the task of harmonizing works committees with union ideals, demands, and organization.

Relation of works committees to trade unions—It has been suggested a number of times that the Whitley Committee proposals for works committees and industrial councils have been made primarily for industries in which trade unions and employers' associations have already attained to a high degree of organization. While the Whitley Committee, in its second report, made recommendations for unorganized and partially organized industries, those recommendations involved a certain amount of government control and co-operation through the Board of Trade, and the Government refused to adopt them. It has been noted, also, that the mental attitude of both labor and capital is different—less hostile, less obstinate, less pugnacious—than in this country; and that American industry is by no means so highly organized, either on the part of the workers or on that of employers, as is English industry.

[1] Works Committees, p. 44.

Problems of works committees in non-union plants—These two facts, the antagonism between capital and labor, and deficiencies in organization, suggest some difficult questions. Will works committees be beneficial in non-union plants? If so, from what points of view? When instituted in non-union plants, will they be regarded by the management as a bulwark against the "outside interference" of the unions, and so used; or will they produce a better understanding on both sides, such as may pave the way to efficient and orderly organization of the industry into trade unions and employers' associations? When introduced into union establishments will they supplant the union shop committee (where one exists) and trench upon the powers of the business agent; or will they be built up on the union nucleus and offer the broad-minded and intelligent business agent greater opportunities for constructive work than he now has?

These pages have advocated frankness between employer and employee. It is but fair that they be equally frank with the reader, be he employer or workman. Frank facing of the issue compels the admission that the employer who is thoroughly opposed to organized labor will see in works committees one of two things: either an opportunity to "get right" with his own men and organize his plant in such a way that the unions will have no attraction for them, or a device being advocated by union sympathizers to get the nose of the camel into the tent, whereupon the whole program of unionism will follow. On the other hand, organized labor officials will be suspicious of any committee plan that does not look forward, if not to out-and-out union committees, at least to close co-operation with the unions, and any committee plan that bears the earmarks of being set up to defeat the organization of the establishment by the unions will be condemned at once.

Conflict of opinion with regard to non-union committees—Of all this there is sufficient evidence. The officials of one large company, which has instituted a well-known conciliation plan, do not hesitate to say that it is working satisfactorily, while the trade union officials of the region condemn it.

> "You mention co-operative management," says one union official, "there is none of it. It is a plan of coercion, an excuse to intimidate and to hoodwink the public, and the officials are always the sole judge of any grievance a man might have, whether imaginary or not. . . . . I am sure organized labor of this region still considers the plan as a dual organization, a sort of organization launched to replace a *bona fide* organization."

This official encloses a diagram showing on the one hand the avenues of appeal under the company's plan, by which men with grievances

must make appeal in person or through their representative, who must be equipped with the ability to combat with the highly trained officials of the company, and on the other hand, what would be the course of appeals under the unions' organization through union officers "who no doubt are more competent to combat with the different officials of the company." Another high union official says:

> It is, in our judgment, paternalistic in its operation, and denies to the employees that independence of action which they must have if perfect satisfaction and co-operation are to prevail. The machinery by which the ———— Company's plan is put into effect is in the hands of the corporation itself. . . . . I am reliably informed by our representatives . . . . that much dissatisfaction prevails among the men employed . . . . . and that very little interest is taken by them in the plan of co-operation. We claim that it is not satisfactory because it does not give the men justice. In the first place, the plan is headed by the president of the company. He is the sole dictator, he says what must be done; or in other words we claim there is no change in the system of bargaining as between the men and the company, except it was not in writing before and is now. Of course they have their committees now and did not before, but to our minds, and I am positive I can prove it, the committees are powerless. I further want to state a thing that happened when this thing was first put into operation. The company allowed the members to vote as to whether they would accept said plan or not. At one plant . . . the men voted three times on the plan, and the first two times they rejected it. The third time they were given a space of time to think it over, and during that space the company got busy through their superintendent and boss and told the men they had better vote to accept the plan, because if they didn't the company would shut down. The results would have been in this place that, as most of the men own their property, they would lose all they had. The result was that through this kind of domination the men accepted the will of the company. I do believe this company would have made good their threat. . . . . Of course the company claims their plan is a success, which it is to them. As the employee has found out he cannot get justice, and because of that fact he will not take his troubles up under that plan. The men at the present time consider their patriotism above quarrelling over that plan, but I predict that just as soon as the war is over you will hear that the men are rebelling against that plan.
>
> I could sit and write for days as to what organized labor thinks of the plan, but I consider it enough to say that organized labor will fight any autocratic plan, as we are for Democracy,

pure and simple. The plan is not democratic because it was drawn up by the interests and was afterwards forced upon the men.

The President of the Company on the other hand writes:

> I know that I can safely say that from the standpoint of employees, as well as the officers of the Company, it (the plan) is stronger today and regarded with much more favor than at any time in the past; indeed, employees by the score have expressed themselves to myself and other officers of the Company as feeling that it has established and insures a more intimate and democratic relation between employer and workman than in their judgment existed any place else, or than they had thought could be possible.
>
> I think the success of the plan has been due largely to the fact that we have continuously encouraged and recognized the committees provided for in the plan, not only in connection with conciliating differences but in improving the general working and living conditions at the places of employment.

These opinions are not here reproduced with the idea of judging the case in any way whatever, but merely to show what the attitudes are which the movement for co-operative management must expect to encounter.

There is clear indication that some of the committee plans established in this country have been set up with the intention of forestalling any effort toward union organization of the plant. This does not mean that the plans will not be successful, even to the point of leading eventually to general organization of the industry along the lines of the Whitley recommendations. The result will depend very largely upon the degree to which real democracy prevails—that is, to the extent that the invisible hand of company control is removed from the committees—and upon the company's willingness to treat squarely and frankly with the men. Above all, the company must avoid discrimination against union men, and will do well to avoid even the appearance of it. One ambitious works council plan recently organized is already, at present writing, perilously near the rocks. The union employees elected most of the members of the committees. Soon after, the company laid off a thousand men in one of its plants, because of the closing of the war. A large proportion of the men released are said to be union members. The unions are now charging that the company seeks to victimize the union men because they are in a large majority on the committees.

It is evident that the committee plan has to make its way as best it can against the current of special interests on both sides and the

deplorable lack of confidence which the industrial history of our country generated.

If we could for the moment forget the issues raised by unionism and anti-unionism, and look at the situation in a single plant taken by itself, we could pass judgment on the committee plan by itself, apart from the confusing issues and conditions which now beset it. From English experience, from the experience of certain American firms which have had works committees for various periods of time and from our knowledge of industrial phychology, we cannot but conclude that the committee plan represents an essential step toward industrial democracy and toward a more solidly founded industrial peace and efficiency than we now have, so far as the industrial plant is concerned. This, it may be said in passing, seems to be the growing opinion in both England and America.

Now, if a non-union plant establishes a system of committees, and the system is successful, as just noted, what effect will it probably have on organized labor and the probability of the future establishment of national joint industrial councils of employers' associations and trade unions in the industry? If the committees are used to keep out the unions, the unions will watch them with an eagle eye, and the employees will have an under-current of distrust. If the company plays perfectly square—paying the union scale, giving union conditions of work, allowing the committees real freedom and responsibility within their sphere, the plan may have continued success at the cost of preventing for the time being the organization of the whole industry. But gradually all parties concerned will lose their conflict-attitude, the co-operative or collective tendency will broaden to include both employees and employer, and the way open easily to the extension of organization and peaceful collective bargaining to the whole industry, in a system of works committees and industrial councils along the lines recommended by the Whitley Committee. Thus at the best, works committees in non-union plants may pave the way to understanding and co-operation between capital and organized labor both of which will have been led to a new spirit of moderation and co-operation. At the worst, committees in firms now dead set against organized labor cannot make the spirit much worse than it is. If the unions are excluded anyhow, they will do well to let the men in the plant get what they can. If the committee system fails to give the men satisfaction they will in the long run turn to the unions; if it does give satisfaction we may hope that the new spirit developed will lead to a wider co-operation.

Desirability of building on a union basis where possible—Turning to establishments already strongly, if not wholly, unionized, it should be clear that any committee system established should so far as possible

be built on already existing union basis—and should work in close co-operation with the unions. As a prominent labor official has recently remarked, the average hand worker feels safer if he has a representative to take up his grievance who cannot be "reached" or victimized by the employer. This trustworthy representative he at present finds—under favorable conditions—in the business agent of his union.

The business agent—If the business agent is not too pugnacious and irreconcilable in temperament, he may have even larger opportunity for usefulness with a committee than without one.

The business agent represents his union in all the plants of his district. He cannot be as intimately in touch with conditions in each plant as a committee of employees in the plant would be. Moreover there are matters of detail which he ought to be freed from and which can better be attended to by the secretary of the committee.

Where shop and works committees are formed, especially if based on departmental rather than craft lines, the business agent will have to revise his methods and submit to some modification of his powers and point of view. He will still remain the chief medium of communication between the rank and file of union membership and the union's local, but the men themselves will settle many matters within the shop which before went to the union office. This will occasion some readjustment and doubtless some misgiving on the part of union men, but it will in the long run afford opportunity for the union officials to give more time to the larger questions of their trade, and relieve them from consideration of the small routine which can be handled just as well, if not better, by the men themselves through the plant committees

The British Ministry of Labor in its Report on works committees gives careful consideration to the relations which the committees are to bear to the unions. Naturally the questions involved in England are somewhat different from those which will come up in this country, yet the matter is so important that the conclusions of the English investigators should be given careful attention. The Report points out that a new machinery for collective bargaining must be set up, since the questions for which this machinery is required are to a large extent peculiar to each establishment, and collective bargaining, if it is done at all, must be carried through in each establishment. At the same time this intra-plant bargaining must be in accord with trade union standards; consequently the unions will gradually develop more positive functions within the works.[1] It is to be expected that certain difficulties will be encountered, among them the determination of what is a general and what a special matter, conflict of authority between

[1] See Works Committees, pp. 37-42.

the works committee and the local union, and the fact that members of the works committee will be responsible also to many different unions. The question of the right of trade union officials to attend works committee meetings will also arise. On the other hand certain advantages may be looked for. The works committee should prove a valuable asset in the settlement of jurisdiction disputes and in general should prove an avenue through which more friendly and firm understanding can be had between the local union officials and the employers.

The proof of a pudding is in the eating of it. If American employers see that co-operative management, where introduced, is actually successful in securing industrial peace and promoting efficiency, and if organized labor finds in it nothing inimical to the interests of the workmen, it will have a large development here as well as abroad. The extracts from letters given in Appendix V throw a little light on the possibilities of success. Thus far the evidence would seem to indicate that where works committees have been given a fair and intelligent trial they have fully justified the experiment.

The results of a well-organized industrial representation plan, which "recognizes the unions," are stated by a well-known firm as follows:

> During the past four years, this company has concerned itself very deeply in developing its relations with its employees. Labor disturbances brought keenly to our attention the necessity of having the good will of the workers in order that we might maintain and preserve the good will of our customers and insure the stability of our business.
>
> We are glad to give an outline of our experience, believing it has yielded results in the form of certain principles of policy and action, which may be helpful in the promotion of industrial peace.
>
> In making this statement we are particularly concerned that the formal and external features of our plan shall not be confused with the real and vital substance of the arrangements, to the neglect of the spirit and of the principles which are in reality responsible for whatever progress we have made.
>
> After an opportunity of several years to study causes and effects, we are convinced that the prime source of difficulty was a lack of contact and understanding between our people and ourselves. The failure to adjust petty grievances and abuses became the cause of irritation entirely disproportionate to their importance when taken singly, but which in accumulation became the main ground for complaint.
>
> There was no special complaint against the hours of work, which were fifty-four per week, and which have since been reduced

to fifty-two. The physical working conditions were good and in fact very far advanced compared with the general conditions in the industry. There was a general demand for higher wages, but we have always looked upon this as an accompanying demand rather than a first cause of difficulty.

The unexpected and indirect results of our labor policy in increasing the efficiency, reforming the conduct, and raising the intelligence of the executives coming into contact with the system have been as profitable and satisfactory as the direct result, *i. e.*, the creation of harmony and good will on the part of the people toward the company.

A summary of the essentials of the system which has produced such gratifying results in our institution would include: a labor department, responsible for industrial peace and good will of the employees, thereby of necessity fully informed as to their sentiments, their organizations, and really representing their interests in the councils of the company; a means for the prompt and final settlement of all disputes; a conviction in the minds of the employees that the employer is fair and that all their interests are safeguarded; constant instruction of the leaders and people in the principles of business equity, thus gradually evolving a code accepted by all parties in interest, serviceable as a basis for adjustment of all difficulties; the development of efficient representation of the employees—honest, painstaking, dignified, reasonable, eager to co-operate in maintaining peace, influential with their people and truly representative of their real interests; a friendly policy toward the union so long as it is conducted in harmony with the ethical principles employed in the business and an uncompromising opposition to all attempts to coerce or impose upon the rights of any group or to gain an unfair advantage; and a management that guarantees every man full compensation for his efficiency and prevents anyone receiving anything he has not earned.

Briefly expressed, it is simply the natural and healthy relation which usually exists between the small employer and his half dozen workmen, artificially restored, as far as possible in a large-scale business where the real employer is a considerable group of executives managing thousands of workers according to certain established principles and policies.[1]

The conclusion of the Ministry of Labor investigators with regard to the results of English experience is as follows:

[1] From statement prepared by Hart Schaffner & Marx for hearing before the Federal Industrial Relations Commission, 1914.

In more than one works the summary of opinion on a works committee—and that not on one side only, but on both—has been expressed in the phrase, "This is the best thing that has ever happened in the shop." Such a summary could not be given if experience had not proved that a works committee was more than a piece of machinery and something different from the old methods of industrial conciliation. It means that a works committee is felt to be something vital and something new—something that enlists the workers in real participation, and something that offers fresh promise for the future.[1]

[1] Works Committees, p. 47.

Chapter VI. Conclusion

If we want industrial peace we can have it. If we want industrial efficiency we can have it. But we must want these things enough to pay the price; and the price is that we shall lay aside some of our self assertive individualism and some of our class consciousness, get rid of our conflict-attitudes and subordinate our pugnacious instincts. If we want democracy in industry we can have it—and unless much of our talk about democracy is to be open to the charge of insincerity, we must desire some form of industrial democracy—but to get it we must develop a new machinery and acquire a new spirit.

The Whitley Committee recommendations for works committees and joint standing industrial councils show a possible and probably practical method by which industrial self-government, and through it an approximation to justice and good will between employer and worker, can be attained without a transformation of the whole industrial and social system and the introduction of some type of socialism.

We have indicated how seriously the movement for co-operative management is taken in England and how rapid the progress it appears to be making. Letters from American firms and labor officials, as well as the sentiments and opinions expressed in various industrial and reconstruction conferences, show that this country is also rapidly awakening to a recognition of the significance of the movement.

We have shown in some detail, not only the questions involved in the organization and functioning of works committees, but also the difficulties in the way of co-operative management here—the conflict-attitude of American employers and employees, and the lack of a well-rounded organization, in trade unions and employers' associations, of American industries. Because primarily of this last fact it has not seemed probable that the Whitley (or similar) recommendations for national industrial councils would at once find application in the United States, and for this reason the preceding pages have dealt very largely with works committees, i. e., with co-operative management in individual plants, in which subject employers and labor representatives are showing a lively interest.

The Second Report of the Whitley Committee, dealing with industries not fully organized, has point for American readers chiefly in so far as it suggests the difficulties of starting any comprehensive plan of co-operative industrial management in this country. Works committees are given prominence as an essential part of the Whitley plan, but

there is indication that the British Government—the Ministry of Labor, at least—has placed most stress on the national and district councils as representative bodies of the different industries. In all the public and semi-public pronouncements on industrial reconstruction in England the chief emphasis is placed on the industry as a whole, and works committees appear as only a part, though an important part, of a broad plan of re-organization.

Unfortunately, we have in this country thus far paid singularly little attention to the problems of industrial reconstruction and no centralized government study of the problems which are bound to arise has yet been instituted. We are sure to need, even more than England, representative bodies in each industry, like the Whitley national industrial councils, but few have had the temerity to suggest their establishment here.

It is possible that, so far as co-operative management makes headway in this country, it will do so from below, rather than from above, as in England. A long preparation, and the development of a new psychology in the works, through shop and works committees, may be necessary before we shall be ready for national industrial councils in many industries. There are already, however, a few industries which are sufficiently well-organized to warrant the belief that the establishment of national councils in them would not be an insurmountable task. Among these are the stove industry, anthracite and bituminous coal mining, and the clothing industries. It might prove unfortunate, from the standpoint of peace and democracy in an industry as a whole, for its separate plants, especially if they were few, large, and powerful, to organize isolated industrial representation schemes. The outcome of this procedure might be that the employers in the whole industry would be organized, or at least able to maintain mutual understanding as to industrial and commercial policies, while the employees would be segregated into plant organizations with no central council, at least so long as the international unions of the various crafts remained unrecognized. On the other hand, it is entirely possible that these separate plant industrial representation systems might lead to union recognition and to collective bargaining on an industry-wide scale, and open the way to the formation of national joint industrial coucils.

There are those who hold that American labor is no more ready than American capital. "The American does not relish regulation and regimentation. He is too near the pioneer stage of development . . . The hard, stubborn fact is that the average American wage-worker is a conservative and an opportunist."[1] This is doubtless in a measure true, yet the recommendation of the Executive Committee of the American

[1] Victor S. Yarros, in the *Nation*, October 5, 1918, p. 373.

Federation of Labor should be remembered. If organized labor can be convinced that works committees and industrial councils do not mean a limitation, but an extension, a broadening, and a humanizing of collective bargaining, there is no reason to suppose that it will not be heartily in favor of it.

Has the war produced any bases from which industrial councils could naturally develop? Thought turns at once to the various war labor adjustment boards, but only to turn away in doubt. These boards have performed a remarkable service during the war in maintaining industrial peace and continuity of production under conditions which might early have produced widespread industrial strife. In this task they have had the effective co-operation of the officials of the international unions as well as that of the employers. But they are Government boards, their members do not all belong to the industries concerned, and their functions have been limited to the settlement and prevention of disputes, often in a way—necessary under the circumstances—amounting to compulsory arbitration. The authority which the boards, by reason of their function, have had to exercise has naturally produced some restlessness, especially on the part of employers, and a desire to free industrial relations from governmetnal interference at the earliest practicable moment. The mere fact that the task of the boards has been limited to adjustment of wage conditions renders it doubtful whether they could give much assistance in the formation of joint national industrial councils, the functions of which would be wider and almost entirely of a different nature. It would be unfortunate were the erroneous idea to gain currency that the chief function of industrial councils is to be the making of contracts between employers and employees. This point is given emphasis by the Industrial Reconstruction Council:

> If the individualistic manufacturer must widen his range of vision to the conception of a trade as a whole, in which labor is interested jointly with capital, the idea that an industrial council is a new name for a kind of glorified conciliation board or wages board must also completely disappear. Its objects are not limited to the settlement of wage differences. Nothing needs be said against conciliation boards or similar bodies . . . but today, to use a famous phrase of Burke, men's minds are being irresistibly drawn to a higher conception of the part which Labor and Capital can jointly play in shaping and controlling the industry of the future.[1]

Nevertheless it may be suggested that the members of the various war labor adjustment boards, as well as the industrial relations

[1] Trade Parliaments, why they should be formed and how to form one in your trade. p. 4. (London, no date.)

divisions of the various Government production departments should exert their influence toward securing the calling of national joint conventions of employers and representatives of labor in the great staple industries with view to establishing joint industrial councils.

In the Pacific Northwest, the fine work of the Loyal Legion of Loggers and Lumbermen seems already to have paved the way for a joint industrial council for that lumbering district, but the creation of a national council in the lumbering industry as a whole would involve a great variety of sectional problems and interests. Possibly the very size of the country will be one obstacle in the way of the establishment of national councils, but inasmuch as most manufacturing is centered in the northeastern states, the difficulty need not be serious.[1]

It is not to any existing organizations or bodies, whether governmental or otherwise, that we are to look for the basis of the formation of national industrial councils. We shall find it, the rather, in *the new spirit* made possible by the necessity for industrial peace and unity during the war. Generally speaking, although there have been here and there what seemed unreasonable demands and pig-headed stubbornness on one side or the other, labor and capital have buried the hatchet —not deep perhaps, but still buried—and put their shoulders to the wheel of production. There are indications that labor and capital understand each other better than they did two years ago, and both sides show a tendency to grasp the fact that co-operation and a square deal will accomplish both a greater output and more justice than will antagonism and conflict. The seemingly universal acceptance of the principle of the living wage laid down by the National War Labor Board, the adoption of the basic eight-hour day by the United States Steel Corporation, and the establishing of industrial representation plans in several large plants hitherto not known to be especially friendly to organized labor are significant indications that a new spirit is moving among employers. There is reason to hope that organized labor will meet the employers half way. It would be a matter for keen regret if the new spirit of co-operation fostered by the exigencies of war-time production were left to fade away and American industry lapse back into the old time conflict-psychology.

The advantages which properly organized works committees may be hoped to bring have been sufficiently explained. The Whitley Committee, the Industrial Reconstruction Council, the Garton Foundation, and other bodies have set forth the functions and advantages of industrial councils, with varying emphasis. While it is not the purpose of this survey of co-operative management to go into the broader and more far-reaching aspects of the matter, a brief summary of the

[1] Another difficulty which will be encountered, should the council movement develop, will be found in the indefinite limits and overlapping of some industries. It is not necessary to discuss this, however. The well-defined industries will naturally be organized first.

broader functions of industrial councils in relation to the economic situation at large may not be amiss.

It has already been pointed out that the councils would differ greatly from the wage conferences with which large scale collective bargaining has made us familiar. Collective bargaining has had the advantage that it is collective, the disadvantage that it is a bargaining—a fixing of terms of sale. While it cannot be said that all bargaining or contracting elements would necessarily be omitted from the functions of industrial councils, the contracting function, if present at all, would be subordinate. In a collective bargaining conference each side tries to get as many concessions as it can out of the other. In an industrial council both sides join to get as much harmony, efficiency, and productivity as they can for the industry. Such "bargaining" as is done is done for the good of the whole.

To this end the first function of a council is to provide an organization and a procedure, and to foster a state of sentiment, which will lead to dependable good feeling and active co-operation between employers and employees. As the works committees give the workers some opportunity to see the problems which are always confronting the managers, and the managers a chance to get an intimate understanding of the needs and ideas of the men within individual plants, so the industrial councils would do for the whole industry. Doubtless for some time to come many employers will hesitate to lay their cards on the table where their employees can see them—in some cases profits are too high, and in others the employer is having to struggle to keep afloat. The secrets of the individual business, however, would not have to be revealed. The common interests of the industry constitute the field of the councils' functions. If labor and capital can bring themselves to work for the interest of the industry, and within it, live and let live, gauging their expectations as to the level of wages and profits upon the state of the industry, there is good reason to suppose that no legitimate interest will suffer injustice.

Moreover, just as works committees are supposed to give some outlet for the instinct of self-expression for the workers in the plant, the councils might be expected to enlarge the view of the workers' representatives and give them a chance to serve the industry as well as the interests of a particular part of it. In other words, the workmen would come to feel that they have a direct stake in the industry as a whole, along with the employers. An industrial statesmanship of a new type could in time be expected to result, embodying the principles of democracy and industrial efficiency, and motivated by the real interest which the workers would develop in the larger administration of industrial affairs.

In the long run it is entirely possible that industry so organized would need, and would ask for, less governmental regulation than is now necessary and expected. Industrial self-government in a double sense—self-government in the industry and of it would develop. This would tend to relieve the legislatures and Congress of a considerable portion of the great mass of questions they now have to handle, not always successfully because of lack of expert knowledge.

Both the Whitley Committee and Mr. Roberts, in his October letter, suggest the desirability of having a representative body in each industry with which the Government could confer, when necessary, upon matters concerning the industry. It is not necessary to point out what a boon it would have been, both to the Government and to industry itself had national joint industrial councils been in existence in this country during the war. As it was, the various government departments, from the President down, had to consult labor and capital separately, or at best in hastily arranged conferences. Even these would have been difficult to secure but for the American Federation of Labor and the machinery which the international union officials had at hand.

One other matter, which may become a very important function of the councils, is the determination of commercial policy, with special reference to price regulation. Much of the English literature on co-operative management mentions the need of industrial harmony and solidarity to the end that a united front may be put up in foreign competition. Not too much need be made of this point. But if the industries of any country are going to organize to capture foreign markets, that organization should give labor an effective voice. Allusion was made above to the action of the photo-engraving firms of New York City in accepting and publishing a price-list made up by the workers. According to report, the prices charged for photo-engraving had been chaotic, unreasonable competition which counted not the cost was prevalent, and the natural result had been that wages failed to rise in proportion to the cost of living. In other words, the workers had to suffer for the cut-throat competition and the failure of the employers to install accurate cost accounting. Whatever profit the employers may have reaped, the consumers were in effect subsidized by the workers. The case is parallel to what naturally happens in an intense competition for foreign markets. Employers are under constant temptation to attempt to reduce expenses by cutting down wages. The net result is that the foreign consumer is subsidized by the American workman.

The National War Labor Board early in the war issued a statement of principles. Among them was the one declaring that the worker is entitled to a wage sufficient to maintain himself and family in health

and comfort.[1] The workers may well ask why the worker is not entitled to a "living wage" in peace as well as in war. The National Consumers' League and other associations have long protested against the existence of industries which cannot pay their way. Constitutional difficulties stand in the way of minimum wage legislation for men. Even were this not the case it would be better for the industry itself to establish and maintain a living wage. By regulating competition, standardizing patterns and methods, adoption of scientific cost accounting, and refusal to sell below costs, this can be done. The consumer must pay his way. The employer has no right to pass the costs of competition down to the worker, rather than pass the costs of production on to the consumer. Joint industrial councils, therefore, are desirable in connection with foreign trade, for two reasons: First, they will make for the necessary co-operation and efficiency; second, they will put the workers in position to guard against the danger that prices will be cut to the foreign consumer at the expense of American wage standards.

Enough has been said to indicate that the establishment of joint industrial councils and works committees means a new spirit and a new method in industry. Neither employers nor workmen should rush precipitately to adopt suggestions involving so radical a change of viewpoint and relations. It is not likely that they will do so. Education is necessary on both sides, and the introduction of industrial representation, or co-operative management, whether in the individual plant or in the industry as a whole should be carefully thought out beforehand. Each plant and each industry has its own peculiar circumstances to which the new plan must be adapted, and for which no one, certainly no one not conversant with the inner life of the plant or the industry itself, can lay down general rules capable of universal application. It should be noted, however, that co-operative management cannot be successfully *imposed* from above. And labor and capital can educate each other to co-operation by beginning to co-operate.

It will be understood that whatever recommendations or suggestions have been made in these pages, either with regard to industrial councils or, in more detail, to works committees, are suggestions only. Only in comparatively large plants will all, or most of, the functions allotted to works committees actually be exercised. Smaller plants will have to organize their committees and assign functions according to their particular needs. The spirit and organization—or lack of it—is such in American industry that we probably cannot look forward to the

[1] "1. The right of all workers, including common laborers, to a living wage is hereby declared.

2. In fixing wages, minimum rates of pay shall be established which will ensure the subsistence of the worker and his family in health and reasonable comfort."

early creation of joint standing national councils for industrial self-government, but there is no great obstacle to the gradual introduction of works committees in industrial plants. The strong movement in England and the rapidly developing sentiment in this country for co-operative management indicate a growing perception of the part which mutual understanding and good-will play in the development of that will-to-do and that unity of purpose in industry, which must come to be the standard and the ideal of the productive unit, employer *plus* employees.

Appendix I

MODEL CONSTITUTION OF A JOINT INDUSTRIAL COUNCIL

(Recommended by the Ministry of Labor, Circular H. Q. 7A)

(From United States Bureau of Labor Statistics, *Monthly Labor Review*, Aug. 1918, pp. 78,79.)

1. Membership

The council shall consist of.....members, appointed as to one half by associations of employers and as to the other half by trade unions.

Associations of employers:

	Number of Representatives
(1)	.....
(2)	.....
(3)	.....
etc.	
Total	.....

Trade Unions:

(1)	.....
(2)	.....
(3)	.....
etc.	
Total	.....

2. Reappointment

The representatives of the said associations and unions shall retire annually, and shall be eligible for reappointment by their respective associations and unions. Casual vacancies shall be filled by the association concerned, which shall appoint a member to sit until the end of the current year.

3. Committees

The council may delegate special powers to any committee it appoints. The council shall appoint an executive committee and may appoint such other standing or sectional committee as may be necessary. It shall also have the power to appoint other committees for special purposes. The reports of all committees shall be submitted to the council for confirmation except where special powers have been delegated to a committee.

4. Coopted Members

The council shall have the power of appointing on committees or allowing committees to coopt such persons of special knowledge not being members of the council as may serve the special purposes of the council, provided that so far

as the executive committee is concerned: (*a*) The two sides of the council shall be equally represented, and (*b*) any appointed or coopted members shall serve only in a consultative capacity.

N. B.—It is desirable to take power to appoint representatives of scientific, technical, and commercial associations upon committees and subcommittees of the council, and the above clause would give this power.

5. Officers

The officers shall consist of a chairman or chairmen, a vice-chairman, a treasurer, and a secretary or secretaries.

(1) The chairman.

N. B.—The Whitley Report suggests that the appointment of a chairman or chairmen should be left to the council, who may decide that there should be (*i*) a chairman for each side of the council, (*ii*) a chairman selected from the members of the council (one from each side of the council), (*iii*) a chairman chosen by the council from independent persons outside the industry, or (*iv*) a chairman nominated by such persons or authority as the council may determine, or, failing agreement, by the Government.

(2) Secretary.

The council shall be empowered to maintain a secretary or secretaries and such clerical staff as it may think fit.

All honorary officers shall be elected by the council for a term of one year.

6. Meetings of the Council

The ordinary meetings of the council shall be held as often as necessary and not less than once a quarter. The meeting in the month of.....shall be the annual meeting. A special meeting of the council shall be called within .....days of the receipt of a requisition from any of the constituent associations or from the executive committee. The matters to be discussed at such meetings shall be stated upon the notice summoning the meeting.

7. Voting

The voting both in council and in committees shall be by show of hands or otherwise as the council may determine. No resolution shall be regarded as carried unless it has been approved by a majority of the members present on each side of the council.

8. Quorum

The quorum shall be..... members of each side of the council.

9. Finance

The expenses of the council shall be met by the associations and trade unions represented.

10. Relation of a Joint Industrial Council to the Government

It is desirable that there should be intimate and continuous touch between the industrial councils and the various Government departments interested, not only to secure prompt attention from the right officials, but also to obtain information as to what other councils are doing. To meet this need, the Ministry of Labor has, at the request of the Government, set up a special section dealing with industrial councils.

Where any industrial council so desires, a civil servant with the necessary experience will be assigned the duties of liaison officer by the Ministry of Labor. He will act only as and when required and in a purely advisory and consultative capacity, and will be available when desired for any meetings of the council.

By this means similarity of method and continuity of policy in the various industrial councils will be assured, and the experience and proposals of one council will be available for all the others.

11. District Councils and Works Committees

It will be necessary for the council when formed to consider the necessary arrangements for district councils and works committees if the conditions of the industry are such as to require them. Obviously existing local conditions and existing organizations will have to be taken into account and the variety of such conditions make it difficult to suggest any draft constitution which would be of value. The Ministry of Labor will, however, be glad to supply examples of existing schemes and other information at their disposal.

Appendix II

REBUILDING TRADE—AN OLIVE BRANCH TO LABOR

(From the *London Times*, Oct. 10, 1917.)

An important manifesto on industrial reconstruction which has just been issued bears the signatures of more than 40 well-known business men and university professors, and of a still larger number of officers of trade associations. The manifesto has also the support of the editors of some 70 trade and technical journals. The scheme outlined in the manifesto is put forward as the practical outcome of all the authoritative suggestions that have been made during the last three years for the organization of our industries and the development of our trade and commerce.

Concerning the need of industrial reconstruction the signatories say that to meet the urgent needs of the times it will be necessary to increase considerably our efforts to develop our industries on the following lines:—

(1) The mobilization of each industry for common action.

(2) A greater degree of co-operation between manufacturers.

(3) Co-operation between labor and capital and the avoidance of industrial strife.

(4) A more complete association between scientific institutions and traders.

(5) Education better adapted to our commercial needs.

(6) Each industry to be studied as a whole, and freed from unnecessary internal competition.

(7) Every trade to present a united front to foreign competition.

(8) Output regarded as a duty by both capital and labor.

(9) Encouragement by the Government of the activities of traders, with a minimum of interference.

(10) It is contended that the matter cannot be left to chance, and that some national scheme is necessary which shall ensure the securing of these objects. It is, therefore, suggested:—

(*a*) That a national organization, on lines such as those suggested by the Whitley Report, should be established, which will retain all the sterling qualities of our present individualistic system and add to them the necessary ordered force to ensure greater activity.

(*b*) That such an organization will need to provide for the representation of all classes of persons engaged in a given industry.

(*c*) That industry should, therefore, be enfranchised, and every man and woman, employer and employed, given a vocational or trade vote by means of which this representation would be effectively realized.

(*d*) That every citizen should have the right to register with some approved trade association or trade union, and thus an industrial or vocational register properly classified would be produced.

(*e*) That trade councils should be elected in each industry from the trade associations and the trade unions. Such councils, elected upon a truly representative basis, would be able to speak in the names of the whole of their respective industries.

(*f*) That all questions as between the Government and a given trade should be delegated to the council of that trade, who would have powers to deal with them.

(*g*) That questions of output, education, trade schools, scientific research, export, wages, profits, markets, tariffs, etc., should be settled in each trade by the council of that trade, and national funds spent upon these matters dispensed through the trade councils.

Finally, the manifesto puts forward under six headings a scheme for industrial reconstruction. It is suggested that the basis of the scheme should be a vocational franchise, which would make possible the organization of each trade separately under a trade council composed of capital and labor, and the decentralization of a large proportion of national work now attempted by Government Departments. The Government, it is proposed, should establish a department to promote or encourage trade, and the first function of this department should be to create representative trade councils in every trade. It should be assisted by an advisory council, consisting of the chairmen of all the trade councils, and should comprise special departments for export and tariffs, industrial and scientific research, commercial education, statistics and finance, welfare, and exhibitions and advertising.

Generally, the scheme involves the establishment of a complete new system of trade government comparable to our existing system of local government, with a Ministry at the head with powers similar to those of the Local Government Board, controlling numerous trade councils, with powers comparable to those of existing county councils. It recognizes the essential principle that industrial interests should be grouped by trades and not by localities.

The manifesto, signed, as it is, largely by manufacturers and officers of employers' associations, is described definitely as an olive branch to labor. It invites the workers cordially to join with the management in the self-government of industry, and offers them an equal status and responsibility, on the controlling body.

Among the signatories are:—

Lord Henry Cavendish-Bentinck, M. P., Sir W. Priestly, M. P., Sir Edward Brabrook, Sir Herbert Bartlett, Sir James Heath, Sir Wilfred Stokes, Sir Charles Macara, Dr. A. P. Newton, Professor Ripper, Sir Charles H. Bedford, Professor T. H. Beare, Sir John Benn, Professor Dickser, Professor Fleming, Dr. E. H. Griffiths, Professor Kirkaldy, Sir Inglis Palgrave, Professor Miles Walker, and many others.

Appendix III

AGREEMENT BETWEEN ENGINEERING EMPLOYERS' FEDERATION AND TRADE UNIONS IN GREAT BRITAIN

(From United States Bureau of Labor Statistics, *Monthly Review,* March, 1918, pp. 84, 85.)

In the latter part of 1917 a serious strike of airplane workers occurred at Coventry, England, in which the matter of the appointment and functions of shop stewards became acute. An agreement was finally entered into between the Engineering Employers' Federation and the trade unions concerned, the text of which, taken from the London *Morning Post* of December 24, 1917, is given herewith. It appears that the Amalgamated Society of Engineers, the Scientific Instrument Makers' Union, and the Enginemen's Union did not subscribe to the terms, their representatives not being present when the settlement was drawn up, but it is understood by the Engineering Employers' Federation that the two last-mentioned unions are willing to agree to the settlement, although the Amalgamated Society of Engineers still remains outside. The agreement covering regulations regarding the appointment and functions of shop stewards is as follows:

With a view to amplifying the provisions for avoiding disputes it is agreed:

1. The workmen who are members of the above-named trade unions, employed in a federated establishment, may appoint representatives from their own number to act on their behalf in accordance with the terms of the agreement.

2. The representatives shall be known as shop stewards.

3. The method of election of shop stewards shall be determined by the trade unions concerned, and each trade union parties to this agreement may appoint shop stewards.

4. The names of the shop stewards and the shop or portion of a shop in which they are employed and the trade union to which they belong shall be intimated officially by the trade union concerned to the management on election.

5. The shop stewards shall be subject to the control of the trade unions, and shall act in accordance with the rules and regulations of the trade unions and agreements with employers so far as these affect the relation between employers and work people.

6. In connection with this agreement shop stewards shall be afforded facilities to deal with questions raised in the shop or portion of a shop in which they are employed. In the course of dealing with these questions they may, with the previous consent of the management (such consent not to be unreasonably withheld) visit any other shop or portion of a shop in the establishment. In all other respects they shall conform to the same working conditions as their fellow-workmen.

7. Employers and shop stewards shall not be entitled to enter into any agreement inconsistent with agreements between the Engineering Employers' Federation or local associations and the trade unions.

8. The function of shop stewards, so far as they are concerned with the avoidance of disputes, shall be exercised in accordance with the following procedure:

(*a*) A workman or workmen desiring to raise any question in which he or they are directly concerned shall in the first instance discuss the same with his or their foreman.

(*b*) Failing settlement, the question shall, if desired, be taken up with the management by the appropriate shop steward and one of the workmen directly concerned.

(*c*) If no settlement is arrived at the question may, at the request of either party, be further considered at a meeting to be arranged between the management and the appropriate shop steward, together with a deputation of the workmen directly concerned. At this meeting the organizing district delegate may be present, in which event a representative of the employers' association shall also be present.

(*d*) The question may thereafter be referred for further consideration in terms of the provisions for avoiding disputes.

(*e*) No stoppage of work shall take place until the question has been fully dealt with in accordance with this agreement and with the provisions for avoiding disputes.

9. In the event of a question arising which affects more than one branch of trade or more than one department of the works the negotiation thereon shall be conducted by the management with the shop stewards concerned. Should the number of shop stewards concerned exceed seven a deputation shall be appointed by them, not exceeding seven, for the purpose of the particular negotiation.

10. Negotiations under this agreement may be instituted either by the management or by the workmen concerned.

11. The recognition of shop stewards is accorded in order that a further safeguard may be provided against disputes arising between the employers and their work people.

12. Any questions which may arise out of the operation of this agreement shall be brought before the executive of the trade union concerned or the federation, as the case may be.

Appendix IV

A NONUNION COLLECTIVE BARGAINING PLAN

BY BORIS EMMET, PH.D.

(From United States Bureau of Labor Statistics, *Monthly Labor Review*, August, 1918, pp. 180-184.)

The collective bargaining plan described in this article is given because it represents an interesting and instructive example of what may be called "nonunion collective bargaining." By this term is meant the collective bargaining between an employer and his own employees without the intervention of any union outside the establishment. The establishment whose collective-bargaining scheme is here described is a Middle Western firm manufacturing women's ready-to-wear clothing and having about 700 employees, chiefly women and girls. The three years' operation of the plan has resulted in putting on a collective basis the wage bargaining of the establishment, as well as hours of labor, discipline, discharges, and adjustment of grievances.

Nature of the Plan

Under the scheme there are three separate bodies, known, respectively, as the senate, the cabinet, and the house of representatives. The senate and the cabinet, both of which represent the interests of the firm, were created simultaneously in June, 1914. The organization of the employees, termed the house of representatives, was created one year later.

The members of the senate are salaried employees directly connected with the planning of the work of the institution, namely, heads of departments, their assistants, superintendents, and their assistants. Application for memberhip must be submitted in writing to the secretary of the senate after the applicant has secured the indorsement of the firm and of at least one member of the senate. A majority vote of the members present is required for election. Membership ceases upon termination of employment with the company. Each member of the senate has one vote. By a two-thirds vote of the members present the rules and regulations governing the deliberations may be amended. Regular meetings are held once a week, but special sessions may be convened whenever occasion arises. The officers of the senate are a president, vice-president, treasurer, secretary, and sergant-at-arms, all elected by the membership for a term of one year.

The members of the house of representatives are elected from among those employees of the company who have been in continuous service for at least six months. This qualification is at present relatively unimportant for the reason that four-fifths of the employees of this company have been in its service more than six months. The representatives are elected by popular vote of the employees, in the ratio of 1 representative for every 15 employees, but each department, however small, has at least one representative. Each member of the house has one vote. The officers of this organization include a president, vice-president, treasurer, secretary, and sergeant-at-arms, all elected by popular vote. Elections are held regularly twice a year, during the first weeks of February and August. Regular meetings of the employees' representatives are

held every other Tuesday and special meetings may be called whenever necessary. The rules of procedure of the body may be attended by a two-thirds vote of its membership.

The cabinet consists of members of the executive board of the company, and has the final word in all matters referred to it by the joint action of the house and senate. Members of the cabinet may attend the meetings of either the senate or the house, but have no power to vote. Unless especially requested, however, members of the firm do not, as a rule, attend any of the sessions of the representative organizations of the employees.

The jurisdiction of the house and senate is unlimited. These bodies are privileged to discuss and act upon any proposition that may affect the interests of the employees and the firm. A proposition may originate in either house, but must also be referred to the other house for discussion and action there. In case of disagreement in the decisions reached the disputed points are referred to a joint conference committee consisting of an equal number of representatives of both organizations. The conference committee endeavors to reach some mutually satisfactory compromise, and usually succeeds. The compromise is then submitted to the cabinet for approval. As a matter of actual practice, propositions agreed to by both houses in the manner indicated above are usually assented to by the firm.

Under the provisions of the scheme there are a number of standing committees consisting of an equal number of representatives from both organizations. The most important of these are the betterment committee, which hears complaints and adjusts grievances, and the welfare committee, which deals with matters affecting the general comfort and welfare of the employees. There are many other committees, mostly of minor importance, such as a committee on appropriations, in charge of expending the funds annually appropriated by the company[1] for entertainments, athletics, etc., a program committee for entertainments, and a fire-drill committee. New committees are created whenever necessity arises for handling special questions.

A discharged employee has the right to refer his case to the betterment committee. If the decision of the betterment committee is not satisfactory to the employee, he may file a notice to that effect with the "professional" secretary of the house of representatives and the senate. The latter two organizations then select a board of review consisting of five persons, two selected by the senate, two by the house, and the fifth by mutual consent of both organizations. The majority decision of the board is final. The board has full power over discharge cases and may reinstate any employee who, in its opinion, was wrongfully discharged. The company, however, specifically reserves the right to lay off employees on account of lack of work, and a lay-off, even when in effect equivalent to a discharge, is not subject to the jurisdiction of the board.

By a special resolution adopted April 1, 1918, a permanent wage committee was created. This committee is composed of one member selected by the employees of each factory department and one employee chosen to represent the office and clerical force of the firm. The functions of this committee, as defined in the resolution, are as follows: (1) To recommend and pass upon general changes in wages; (2) to suggest and pass upon minimum and maximum rates to be paid for the various operations according to skill involved, length of

[1] For the purpose of maintaining the social activities of its employees the company sets aside annually about $800. This amount does not include the salary of the so-called "professional" secretary who is an employee of the company having in charge the executive and clerical work incidental to the operation of the bargaining scheme, such as keeping the record of the proceedings, calling meetings, etc.

service, and steadiness in attendance; (3) to sit with the factory planning board, composed of the superintendents, for the purpose of passing upon individual increases in wages; and (4) to receive complaints of individuals to whom increases were denied.

Actual Workings of Plan

That this collective bargaining scheme has been of benefit to the employees may be seen from the list presented below, enumerating some of the more important matters dealt with and adjusted collectively, as well as from the brief account given later of the changes in wages during the last 18 months.

Ordered that raw materials be sold to employees at cost plus 15 per cent. ..... Apr. 23, 1915
Ruled that no freight be carried on elevators between 7.15 and 7.45 a. m. and 11.30 a. m. to 12.15 p. m. ..... Feb. 22, 1916
Ordered that 1 week's vacation with pay be granted to those in service 1 year or longer ..... Apr. 25, 1916
Introduced a 48-hour week ..... June 16, 1916
Ordered that 2 weeks' vacation with pay be granted to those in service more than 3 years ..... May 20, 1916
Decided that, whenever possible, promotions be made from rank and file ..... Sept. 19, 1916
Employed a "professional" secretary for the house and senate .... Jan. 10, 1917
Granted increases in wages of 5 and 10 per cent. ..... Jan. 23, 1917
Formulated rules of procedure to govern a board of review to handle discharges ..... Jan. 10, 1917
Decided that the positions of enlisted men be held open for them. May 29, 1917
Granted an increase in wages of 5 per cent. ..... June 20, 1917
Agreed to readjust wages in accordance with the changes in the cost of living ..... Jan. 23, 1918
Created a permanent committee to deal with wage questions ..... Apr. 17, 1918

In these days of advancing prices the attention of employees is centered on the question of wages. Since the beginning of 1917 the question of wages has been the subject of freqent discussions of the representative bodies. The procedure of arriving at wage changes was somewhat as follows: The workers, feeling the need of larger incomes, usually called a meeting of their representatives and by resolution instructed them to make certain demands for increases in wages. The matter would then be taken up at the next meeting of the house for the purpose of arriving at a definite figure. As a rule, the house, being more familiar with the general conditions of business, modified considerably the demands of its constituents. The figure agreed upon by the house would then be referred to the senate. The latter, after detailed discussions and informal conferences with the management, then arrived at some decision. In cases of disagreement the matter went through the regular procedure of reference to a joint conference committee and then to the firm which, in the great majority of instances, approved the compromise arrived at by the joint conference committee.

On January 29, 1917, an increase of 10 per cent. was granted to employees with a continuous record of service of one year or more, and of 5 per cent. to those in service less than one year. On June 20, 1917, an additional all-round increase of 5 per cent. was given.

In the early part of December, 1917, the representatives of the employees, in view of the still mounting cost of living, submitted a demand for an additional

all-round wage increase of 10 per cent.[1] The matter was referred to the senate, where it was discussed at great length. The opinion prevailing in the senate was "that inasmuch as it would not be right to ever cut wages, it might be unwise to grant increase after increase, as the cost of living rises, if such raises are made permanent, * * * but that temporary raises as long as this high cost of living remains on the same level, or goes up, as necessary. In view of the difference in the viewpoints of the house and the senate the subject was referred to a joint committee which was instructed to work out some equitable method for the adjustment of wages to the rising cost of living. The action of this committee was announced on January 9, 1918. It suggested that periodic (monthly) changes in wages be made in accordance with the changes in the prices of commodities. A resolution to this effect was passed and subsequently approved by the firm. In accordance with this resolution, the company on January 23 made the following announcement:

> The company believes there is justice in the suggestion that the wages of the employees be readjusted in accordance with the higher cost of living. It wishes to meet the suggestion by paying a separate high-cost-of-living envelope to each employee once a month. This envelope will contain an amount of money which will represent the average increased cost of living to each employee.
>
> This amount will be figured by using Bradstreet's index figures as a basis. These index figures represent an average of the prices of 96 articles used in everyday life. As the prices change, these index figures change, so that they are a fair measure of the increase in the cost of living. These figures have been used by Bradstreet's since 1904 and are recognized all over the United Sattes as being impartial and reliable.
>
> As these monthly index figures are not available until the 15th of the month the index figures of November the 1st will be taken instead of December 1st, and this November the 1st figure will be continued to be used as a basis. Therefore, the high-cost-of-living envelope for December will be the percentage of difference between the index figures of November the 1st and December the 1st. The high-cost-of-living envelope for January will be the difference between November the 1st and January 1st, and so on. This payment will be made on the second Tuesday of every month.
>
> The company does not obligate itself to continue this payment indefinitely, and as soon as circumstances arise that make this payment unnecessary or impossible to maintain the employees will be advised through the house of representatives of this fact.

This new wage arranged was to be retroactive to December, 1917, when the wage demand of the employees was presented. Since the date of the announcement, the following percentages of the regular earnings of the employees have been paid as cost-of-living bonuses: For the month of December, 1917, 5 per cent.; January, February, and March, 1918, 6 per cent.; and April, 1918, 8 per cent.

[1] The following is an extract from the proceedings of the meeting of the house of representatives held on Dec. 4, 1917, at which the demand for an increase in wages was decided upon:

Mr. K, of the cutting department, then made a motion that the firm be asked to grant a 20 per cent increase in wages to all employees because of the great increase in the cost of living.

This did not meet with favor from some other members, and Mr. S. then made a motion to amend it to read 10 per cent instead of 20 per cent. The amendment was carried.

In the discussion which followed, house members showed that living expenses have gone up since last June; that they believed that the firm was square and therefore they wanted to be square, too; that they believed that, with the increased cost of material and overhead expenses, 20 per cent was too much to ask for in fairness; but that, because of conditions at present, they considered it fair to ask that the firm grant a 10 per cent increase.

This motion to ask 10 per cent increase was carried with but 3 voting against it.

Appendix V

WORKS COMMITTEES AND OTHER INDUSTRIAL REPRESENTATION PLANS IN OPERATION IN AMERICAN ESTABLISHMENTS, TOGETHER WITH OPINIONS ON WORKS COMMITTEES

(Chiefly from letters and other documents direct from the various concerns.)

Concerns With Committees—Experience Favorable

THE ACME WIRE COMPANY, New Haven, Conn.

This company has recently formed a shop committee consisting of one representative from each department and one member appointed by the management. This is one of the committees for patriotic purposes recommended by the Secretary of the United States Department of Labor.

"My own view as to the shop committee is that it is the only rational way to obtain from a body of workers as a whole, an expression of their point of view, and that any management making the decisions affecting the employees who does so without knowing their point of view, is working in a mental darkness, which is not only dangerous, but sure to cause trouble sooner or later. . . I know of no other way of obtaining all the facts concerning the labor problem than by appealing to the workers through such a committee, to state the facts in their possession."—MR. L. S. TYLER, *Vice-President.*

AMERICAN ROLLING MILLS COMPANY, Middletown, Ohio.

"The union to which the members of the sheet and jobbing mill department belong is the Amalgamated Association of Iron, Steel and Tin Workers of North America, and the local lodge in our plants has a membership of about 750. We have always gotten along exceptionally well with the members of this organization, and it has been a source of great satisfaction to us that since the United States got into the great world war the members of this organization have co-operated with us in a most wonderful way and have done everything in their power to back up the war program of the Government.

"In 1904, when the writer was assistant general superintendent of our plant, and we then had only four sheet mills and the union only a membership of about 120, I asked the lodge to elect a committee of seven of its members to co-operate with me in an advisory capacity. This plan has been in operation ever since and the committee has at times been a wonderful help in transmitting the views of the management to the men, and I believe that it has been very largely responsible for the fact that we have not only never had a strike, but no situation has even approached such a serious point as to lead us to believe that there would be a strike.

"Where the men are organized I think this plan can be operated very successfully, but where the men do not belong to an organization and are not responsible to an organization made up of their fellow-workmen, I doubt the success of the committee plan as a regular policy. The success of a committee scheme depends almost entirely upon the personnel of the committee and the personality of the individual or individuals who represent the company in conferences with the committees.

"The writer has given the majority of his time during the past several years to handling the problems of organization of our plants, and has used every opportunity that has presented itself to get committees of the workmen to assume responsibility and to assist in an advisory capacity.

"I have seen one superintendent attempt to work the committee plan and utterly fail, while on the other hand I have watched with great satisfaction the excellent results secured by another superintendent in another department through the operation of the committee plan. The reason for the failure in one case and success in the other was entirely because one did not understand and the other did understand the workers' psychology.

"There is no doubt in my mind but that eventually industry is going to see that it is very much to its best interests to standardize wages as far as possible, and that plants will see that they must secure a differential in cost as between plants through more efficient methods, and not because they are able to hire their men at a lower rate than the other plant. I think this will naturally lead to a consideration of wage matters and working conditions by committees of the men and management.

"I would not hesitate for a moment to recommend the establishment of such a plan as a policy of co-operative action between employers' representatives and representatives of employees on matters of mutual interest, provided that the employees' committee in each instance could be made to see that their work was not that of a grievance committee, but that they were appointed for the purpose of considering, in a co-operative spirit, all matters of mutual interest. I have seen the committee plan fail miserably because the workers' representatives considered that their one and only job was to continually kick for more wages and shorter hours, regardless of the consequences to the individual establishment."—Mr. Charles R. Hook, *Vice-President.*

THE BROWNING COMPANY, Locomotive Cranes, Cleveland, Ohio.

Experience:—"I feel as though I were merely on the threshold of getting at a satisfactory solution of the problems ahead of us, therefore, really should not speak to any one with great conviction as to the ultimate outcome of my schemes; however, certainly the men's meetings, started about a year ago, have done no harm and I feel they are doing a great good. The men certainly would not give them up and no meeting occurs without some constructive thought developing.

"The meetings started with the enclosed notice. We have since increased them to two a month, the first and third Monday afternoon at three o'clock. Representatives of both the day and night forces, one man from each department, meet in my office with the superintendent, no foremen present. We talk of everything and sometimes nothing of interest develops. I have sat in several directors' meetings that were just as uninstructive.

"Since last June when I announced our profit-sharing plan, a copy of which is herewith enclosed, I find myself in a much better position to saturate the

men with the idea of loyalty to the property owners, because under our profit-sharing plan the men are geuinely interested in the success of the company, whereas, before, whenever I preached to them in their meetings they must have said "that is all very fine, but what do we gain." The election of representatives to our men's meeting is so arranged that there are some new men in every meeting. This gives every man in every department a chance to be heard in about a year and a half."—Mr. Sheldon Cary, *President.*

EMPLOYEES' MEETING

"On Monday, November 5th, 1917, we want one man from each of our seventeen departments of the entire shop, day and night force, to come together at 3 o'clock in the sales manager's office.

"Aside from your representatives, Mr. Cary and Mr. Stalley will be present.

"You are to make your own selection as to representatives.

"Each month a different man can be selected, if you so desire.

"Minutes of the meetings will be typewritten and posted on the bulletin board to inform each one of you all of important and interesting facts developed by an open talk about your job and how you can strengthen your condition and that of the company for our mutual benefit."—The Browning Company (*Sheldon Cary, President*).

November 25, Mr. Cary gave the following additional information in regard to the committee:

"We have had several meetings since I wrote you and if anything, I think they are getting more helpful. This is due, I believe, to the fact that our profit-sharing scheme is soaking in. I get this from many different angles and many of the men have stated to me their appreciation of the profit-sharing check and have also stated that they have noticed that there is not as much waste of material and time around the shop. I have no way of verifying this as yet, but do not at all doubt that a large percentage of the men are taking much more interest in their work, because they have a belief that by doing so they will make more money.

"When all is said and done that one feature of making more money is the essential for the property owner to keep in mind, and it is just a question of how that extra money is distributed that is of prime importance."

BETHLEHEM SHIPBUILDING CORPORATION, LTD., Sparrow's Point Plant.

July 25, 1918 (Final Copy)

REPRESENTATION OF EMPLOYEES

To the Employees of the Bethlehem Shipbuilding Corporation, Ltd. Sparrow's Point Plant:

On June 11, 1918, the Company received a signed petition from employees requesting authorization to elect from their number Representatives to deal and co-operate with the Management in carrying out the present shipbuilding program, and to facilitate ways and means for the ready adjustment of all matters arising for settlement.

The Company considered the proposal and decided, in view of the helpful spirit evidenced by the employees, to accept the suggestion, and accordingly

prepared the attached plan embodying all of the features asked for by the petitioners.

In order that the plan approved by the Company would have the support and co-operation of all employees, a general meeting of Department Representatives was called on Thursday, July 25, when the plan was explained and accepted.

The following employees were present at the conference: (Here follows list.)

Representation of Employees

Article I

Object

The objects in inaugurating Representation of Employees are:

(*a*) To co-operate with the Government of the United States in its policy to insure continuous and uninterrupted service in shipbuilding.

(*b*) To promote and maintain just and harmonious relations between the Company and its employees.

(*c*) To expedite the settlement of any matters requiring adjustment.

(*d*) To further efficiency and production and improve the general working conditions of the Plant.

Article II

Basis of Representation

Employees shall be entitled to elect from among their number duly authorized Representatives on the basis of representation by trades and departments as herein set forth:

(*a*) For each department with less than 300 employees, one Representative.

(*b*) For each department with from 300 to 1,000 employees, two Representatives.

(*c*) In a department of over 1,000 employees, one Representative for every 500 employees.

2. In the following departments which have more than one Representative there shall be elected one Representative for each of the trades as indicated:

S Department: (1) Riveters, (2) Bolters, (3) Chippers and Caulkers, (4) Drillers, (5) Reamers, (6) Fitters, and (7) Erectors.

T Department: (1) Loftsmen, (2) Plate and Shape Yard, (3) Shopmen.

H Department: (1) Wood Caulkers, (2) Ship Carpenters.

D Department: (1) Coppersmiths, (2) Plumbers and Pipe Fitters.

The basis of election as herein provided is tentative only and may be modified later on by joint consent of the Management and Representatives. It has been framed with regard to existing organizations within the industry, and will, it is believed, prove generally satisfactory. In such matters experience alone is the only sure guide.

For the first election the quota of Representatives, which is based on the distribution of employees by departments as of June 15, shall be as follows:

DEPARTMENT	NUMBER OF EMPLOYEES	REPRESENTATIVES
S	3259	7
T	824	3
M	584	2
Y	490	2
H	335	2
D	324	2
Q	274	1
C	271	1
N	228	1
B	220	1
L	195	1
P	165	1
J	151	1
E	134	1
R	96	1
W	54	1
O	45	1
Z	14	1
A	300	1

Article III

Term of Office

Election of Representatives shall be held semi-annually. One-half the number of Representatives shall be elected at each semi-annual election. Representatives shall hold office for one year.

Provided, however, That at the first election the full number of Representatives shall be chosen; and

Provided further, That prior to the date fixed for the semi-annual election following the first election one-half of the Representatives chosen at the first election shall be selected for retirement in such manner as may be determined by the majority vote of the Representatives.

Representatives whose term of office has expired, or who may have been retired as herein provided, shall be eligible for re-election.

The employee receiving the second highest number of votes in the department in which he is a candidate shall be the alternate Representative and will act only in case of the absence of the regular Representative.

Article IV

Recall and Vacancies

Any Representative shall be recalled on written request of the majority of the employees of a department. A vacancy occurring from any cause shall be filled by a special election to be conducted forthwith in a manner similar to that of the general election.

Article V

Right to Vote

The right to nominate and to vote for Representatives shall be restricted to employees who have been two months in the service of the Company prior to the dates fixed for Nomination and Election respectively.

Provided, however, That in the case of the first election any employee who has been in the service of the Company for one month prior to the date fixed for the Nomination of Representatives shall be permitted to vote.

Article VI

Nomination and Election

(*a*) Nomination and election shall be by sealed ballot.

(*b*) Balloting shall be controlled by tellers. For each Representative to be elected there shall be three (3) tellers, two of whom shall be named by the employees' Representatives, and one by the Management. In the case of the first election the tellers for the employees shall be chosen by a committee representative of the employees of each department.

(*c*) Representatives shall be so nominated and elected that representation by departments and by trades as herein above specified shall be assured.

(*d*) Balloting for Nomination of Representatives shall be held on a Friday, and election of Representatives on the Tuesday following. Except in the case of the first election provided for as above, the day of nomination shall be the second Friday in the months of January and July, respectively, unless otherwise determined by joint consent of the Representatives and the Management.

(*e*) On the day of nomination each employee qualified to nominate shall be furnished with a blank ballot on which he shall specify two names as his choice to represent his trade in the department in which he is employed.

(*f*) From the names as specified (in *e*) the tellers shall, from each trade, select for each Representative to be appointed the three names oftenest specified. The employees whose names are thus selected shall be the candidates for election as Representatives.

(*g*) On the day of election (the Tuesday following the nomination) each employee qualified to vote shall be furnished with a ballot on which shall be printed the names of the persons nominated to represent each of the trades in the department in which he works. On this ballot each employee shall cast his vote for Representatives according to trades as herein set forth, to the number of Representatives to which his department is entitled. Having regard to the different trades in each department, the persons receiving the highest number of votes shall be elected.

Article VII

Organization

(*a*) After each semi-annual election the Representatives shall immediately meet for the purpose of electing a Chairman and Secretary from among their number, and for selecting Committees.

(*b*) The following Committees shall be appointed by the Representatives:

1. Wages and Piece Work Schedules.
2. Working Conditions and Hours.
3. Health, Safety and Sanitation.
4. Housing and Living Conditions.
5. Transportation.
6. Education and Publications.
7. Entertainment and Recreation.

Each Committee shall be composed of five (5) members, three (3), including its Chairman, to be appointed from among the Representatives, and two (2) from among employees other than Representatives. No Representative shall serve on more than one Committee.

By joint consent of the Representatives and the Management the membership of any Committee may be reduced or increased, or any two or more Committees may be combined for purposes of joint conference with officials of the Company or for any other reason.

(*c*) The Company shall provide a suitable place for meetings of Representatives and Committees and for joint conferences with the Management, and upon request of the Representatives shall provide such clerical assistance as may be required.

Article VIII

Meetings

Regular Meetings of the Representatives and also of each of the Committees shall be held at least once every month.

The regular meetings of the Representatives shall be held at 3 P. M. on the first Wednesday of each month. The regular meetings of the Committees shall be held at the same hour during the intervening weeks on dates to be arranged between the Representatives and the Management.

Special Meetings of the Representatives and of the Committees may be held as occasion may require on the joint approval of the officers of the Representatives and the Management.

For time spent during working hours, Representatives or members of Committees necessarily occupied at regular meetings or at special meetings or conferences jointly approved shall be paid by the Company at their regular rate of pay. Expenses incident to the Representation of Employees authorized and approved jointly by the Representatives and the Management will be paid by the Company.

Article IX

Joint Committees

On alternate months the Committees shall meet as Joint Committees with Company officials to be named by the Management. On such Joint Committees the Company officials may equal, but shall not exceed in number, the employees' Representatives.

Article X

Matters for Adjustment

Any matter requiring adjustment shall in the first instance be referred by employees to the Foreman, and failing satisfactory adjustment shall then be referred to the Superintendent. If satisfactory adjustment is not obtained in this way, employees, either in person or through one or more of the Representatives of their department, may take the matter up for adjustment with the Head of the Service Department. Should the Head of the Service Department fail to effect an adjustment within a reasonable time, the matter may be brought through one of their number to the attention of the Representatives assembled at a regular or special meeting, and if the meeting is of the opinion that it should be further considered the Representatives shall notify the Management accordingly and shall name two of their number to act with the Chairman of the Representatives as members of a Joint Committee of Adjustment to which

the matter shall be referred. The notification from the Representatives to the Management as herein provided shall be in writing, and shall specify the facts which in the opinion of the Representatives constitute the matter requiring adjustment and warrant its presentation to the Joint Committee of Adjustment. The Joint Committee of Adjustment shall be composed of the three Representatives thus selected and an equal number of Company officials to be named as Representatives of the Management, within three days of receipt by the Management of the names of the Representatives selected. The Joint Committee of adjustment thus formed shall immediately convene and endeavor to adjudicate the matter, and shall be at liberty to adopt any course of procedure which in its judgment is best calculated satisfactorily to effect this end.

ARTICLE XI

Matters of Interest

Representatives are at liberty at all times to discuss with the Head of the Service Department, either upon their own initiative or at the request of any employee, any subject of interest in the operation of the shipyard or of concern to the employees.

To insure the discussion of such questions, and the maintenance of just and harmonious relations, the Head of the Service Department shall interview the Representatives of each department at least once a month to find out whether there are any subjects meriting discussion or matters requiring consideration.

ARTICLE XII

Publicity

A Monthly Bulletin shall be published as a means of communication between the Management, the employees, the stockholders and the public on matters of mutual interest and of special concern to employees.

A Bulletin Board shall be located in a convenient place in the Plant for the posting by the Service Department of matters of interest to employees.

ARTICLE XIII

Membership in Organizations

Representation of employees as herein provided for shall not in any way abridge the right of any employee to membership in any organization.

BETHLEHEM STEEL CORPORATION, Bethlehem, Pa.

PLAN OF EMPLOYEE REPRESENTATION

(From *Iron Age*, October 24, 1918.)

The full text of the pamphlet issued by the company outlining its new plan is as follows:

I.—REPRESENTATION

1. Representation shall be on the following basis:

Plants employing under 1,500 employees: One representative for each 100 employees.

Plants employing 1,500 to 10,000 employees: One representative for each 200 employees.

Plants employing over 10,000 employees: One representative for each 300 employees; provided, however, that in no case there shall be less than 10 representatives.

Such adjustments as may be necessary to meet special cases shall be made.

2. For the purpose of applying the unit of representation, the plants should be subdivided according to departments and natural subdivisions. Wherever it is necessary to group a number of small departments in order to complete a unit of representation, regard shall be had to logical groupings and location.

3. Adjustments in units of representation shall be made in accordance with the recommendations of the Committee on Rules.

II.—Terms of Representatives

1. Representatives shall be elected for a term of one year, and shall be eligible for re-election.

2. A representative may be recalled upon the approval by the Committee on Rules of a petition signed by two-thirds of the voters in his department.

3. A representative shall be deemed to have vacated office upon severance of his relations with the company or upon his appointment to such a regular position as would bring him within the meaning of Paragraph 3, Section 3, entitled "Qualifications of Representatives and Voters."

4. Vacancies in the office of representative may be filled, in the discretion of the Committee on Rules, by special elections conducted in the same manner as the general elections.

III.—Qualifications of Representatives and Voters

1. Any employee who has been on the company's pay rolls for a period of six months prior to nominations, who is 21 years of age and over, and who is an American citizen or has taken out his first papers, shall be considered qualified for nomination and election as a representative.

2. All employees who have been on the company's pay rolls for a period of at least sixty (60) days prior to the date fixed for nominations, and who are 18 years of age or over shall be entitled to vote; provided, however, that in the case of the first elections, thirty (30) days on the company's pay rolls shall suffice.

3. Company officials and persons having the right to hire or discharge shall not be eligible as representatives or qualified to vote for representatives.

IV.—First Nominations and Elections

1. Each division or department shall select a committee of the workmen who shall conduct the first nominations and elections in the manner prescribed herein.

2. At the first elections the full number of representatives shall be elected, one-half of whom shall serve until the second stated semi-annual election thereafter, and one-half of whom shall retire at the first stated semi-annual election. The method of retirement of representatives shall be arranged by the Joint Committee on Rules.

V.—Nominations and Elections After the First Nominations and Elections

1. Nominations and elections shall be held semi-annually, in the months of October and April respectively.

2. Nominations shall be held on the second Monday, and elections on the following Friday, of the months named. In the event of either of these days being a holiday, the day immediately following shall be substituted.

3. One-half of the total number of representatives shall be chosen at each semi-annual election.

4. The nominations and elections (after the first nominations and elections) shall be conducted by the employees themselves, in accordance with rules and regulations prescribed by the Committee on Rules, with only such assistance from the management as may be required by the Committee on Rules.

5. There shall be three persons nominated for every person to be elected.

6. Nominations and elections shall be by secret ballot, and so conducted as to avoid undue influence or interference with voters in any manner whatsoever, and to prevent any fraud in the counting of ballots.

7. On the day of nominations, each duly qualified voter shall be furnished with a ballot stating the number of persons for whom he is entitled to vote, on which he shall write the name of the persons in his department whom he desires to nominate as representatives.

8. A voter may place in nomination twice the number of representatives to which his department is entitled.

9. If on any ballot the same name is placed in nomination more than once, it shall be counted but once.

10. Should the number of persons nominated on any ballot exceed the permitted number as stated on the ballot, the ballot shall be void.

11. Those who have received the largest number of votes up to three times the number of representatives to be elected shall be declared nominated, and shall be candidates for election.

12. On the day of elections, each duly qualified voter shall be furnished by the Committee on Rules with a ballot on which the names of the candidates shall be printed in alphabetical order. The voter shall indicate his preference by placing a cross (X) opposite the names of the candidates of his choice.

13. Candidates to the number of representatives to which a department or subdivision is entitled may be voted for and this number shall be stated on the ballot. If this number is exceeded, the ballot shall be void.

14. Each voter shall deposit his own ballot in a box provided for the purpose by the Committee on Rules, and the ballots shall be counted under the direction and supervision of said committee. The candidates receiving the highest number of votes shall be declared elected.

15. In the event of a tie, seniority in the company's employment shall determine the choice.

16. In the event of a controversy arising concerning any nomination or election, it shall be referred to and decided by the Committee on Rules.

17. The Committee on Rules may make such provision as they may consider necessary for assisting any voter, who may so request, in properly marking his ballot.

VI.—Management's Representative

The company shall appoint a management's representative.

The management's representative shall keep the management in touch with the representatives, and represent the management in negotiations with the representatives, their officers and committees. He shall respond promptly to any request from representatives, and shall interview all of the representatives, from time to time, but not less frequently than once every month, with reference to matters of concern to employees, and report the result of such interviews to the management.

VII.—Committees

1. After each semi-annual election, the representatives shall immediately meet for the purpose of electing a chairman, secretary, a General Committee, and Committee on Rules, and for selecting members of such other committees as are found necessary by the Committee on Rules for the consideration of the following subjects:

Rules.
Ways and Means.
Safety and Prevention of Accident.
Practice, Methods and Economy.
Employees' Transportation.
Wages, Piece Work, Bonus and Tonnage Schedules.
Employment and Working Conditions.
Housing, Domestic Economies and Living Conditions.
Health and Works Sanitation.
Education and Publications.
Pensions and Relief.
Athletics and Recreation.
Continuous Employment and Condition of Industry.

2. There shall be a General Committee to consider all matters not falling within the scope of any other committees herein provided for and the chairman and secretary of the representatives shall be members of the General Committee. This committee when jointly composed shall act as a Committee on Appeals.

3. Each committee shall be composed of five members, and shall appoint its own chairman and secretary.

4. Vacancies on committees shall be filled at a regular meeting of the representatives.

5. Joint committees shall consist of the committees of the employees' representatives with the addition of the company's representatives named by the management, who may equal but shall not exceed in number the employees' representatives.

6. The joint committees shall select their own officers and arrange their own procedure, subject to appeal, in case of controversy, to the Joint Committee on Rules.

7. Wherever the word "committee" is used throughout this instrument, it shall mean the separate Committee of Employees' Representatives unless a "joint committee" is specified.

VIII.—Committee Meetings

1. Regular meetings of committees shall be held once a month.

2. On alternate months, the committees shall meet as joint committees.

3. Committees shall meet between the hours of 3 and 5 in the afternoon, unless otherwise arranged for on joint approval of the chairman of the employees' representatives and the management's representative.

4. Special meetings of committees and of joint committees may be held as occasion may require, on approval of the chairman of the employees' representatives and the management's representative.

5. For time necessarily occupied in actual attendance at regular meetings or at special meetings of conferences jointly approved, representatives shall receive from the company payment commensurate with their average earnings.

6. Representatives shall have the right to appear before and be heard by a committee on any matter of concern to the employees of the department they represent.

7. A committee, when concerned with matters of special interest to any particular department or class of employees, shall have the right of inviting into conference the representatives of the employees and of the management likely to be specially interested in such matters.

8. Any matter may be referred by the management through the management's representative to any committee for consideration and report, and any matter may be presented by a committee to the management through the management's representative.

9. The Joint Committee on Rules shall arrange a suitable place for meetings of the representatives, and of the several committees and joint committees, and the company shall defray such expenses as are necessarily incident to the discharge of duties herein set forth, when approved by a majority of said committee.

IX.—Annual Conference

An annual conference between all of the employees' representatives and representatives of the management shall be held at a time and place determined by the Joint Rules Committee, who shall be in charge of the procedure at such conference.

X.—Procedure for Adjustments

1. Any matter which in the opinion of any employee requires adjustment, and which such employee has been unable to adjust with the foreman of the work on which he is engaged, may be taken up by such employee, either in person or through any representative of his department.

First—With the superintendent of the department.

Second—With the management's representative.

Third—With one of the superior officers of the company, who shall endeavor to effect a settlement, or who may with the approval of all the parties refer the matter to any Joint Committee.

2. Unless a satisfactory disposition of any such matter has been effected within a reasonable time, any employee through his representative, or the management through the management's representative, may require such matter to be referred to the General Joint Committee on Appeals by a request in writing addressed to said committee, specifying in detail the matter requiring adjustment and the reasons which warrant its consideration by said committee. The General Joint Committee on Appeals shall consider any such matter with reasonable promptness, at a regular or special meeting, and may adopt such means as are necessary to asceratin the facts and effect a settlement.

3. If the General Joint Committee on Appeals fail to effect a satisfactory settlement, the president of the company shall be notified and the matter may be referred, if the president and a majority of the employees' representatives on the General Joint Committee agree to such reference, to an arbitrator or arbitrators, to be determined at the time according to the nature of the controversy.

XI.—Guaranteeing the Independence of Representatives

It is understood and agreed that each representative shall be free to discharge his duties in an independent manner, without fear that his individual

relations with the company may be affected in the least degree by any action taken by him in good faith in his representative capacity.

To insure to each representative his right to such independent action, he shall have the right to take the question of an alleged personal discrimination against him, on account of his acts in his representative capacity, to any of the superior officers, to the General Joint Committee and to the president of the company.

Having exercised this right in the consecutive order indicated and failing a satisfactory remedy within thirty days, a representative shall have the further right to appeal to the State Department of Labor or the Secretary of Labor of the United States. The company shall furnish the said Secretary or the said State Department of Labor with every facility for the determination of the facts, and the findings and recommendations of the said Secretary or the State Department of Labor shall be final and binding.

XII.—Amendments

Any method of procedure hereunder may be amended at any time by two-thirds vote of the entire membership of the Joint Committee on Rules, or by concurrent majority vote of the employees' representatives and of the representatives of the management at an annual conference.

COLORADO FUEL & IRON COMPANY, Denver, Colorado.

"The relations between the Colorado Fuel and Iron Company and its employees, numbering something like 15,000, are based upon the Industrial Representation Plan adopted about three years ago. The essential feature of this plan is direct dealing by the company officers and representatives elected by the workmen. At each mining property and in each department of the Minnequa Steel Works employees choose representatives on the basis of one for every 150 workmen, with a minimum of two representatives at each property and in each department. These representatives are authorized to treat with company officers on all matters connected with working and living conditions, including wages and hours of labor.

"To further this direct dealing joint conferences are held at the Minnequa Steel Works and in each mining district, attended by the employees' representatives and an equal or smaller number of officials representing the corporation. Annual joint meetings, attended by all the employees' representatives, also are held. At these conferences and annual meetings questions regarding any phase of the relations between the workmen and the company are freely discussed and if possible settled to the satisfaction of all parties.

"At the Minnequa Steel Works and in each of the mining districts there are four joint committees, composed of equal numbers of workmen and company officials. These joint committees, the functions of which are indicated by their names, are as follows: Industrial Co-operation and Conciliation; Safety and Accidents; Sanitation, Health and Housing; Recreation and Education. Much of the most effective work under the Industrial Representation Plan has been done by these joint committees. The committees on Safety and Accidents and on Sanitation, Health and Housing have made systematic inspections, particularly of the various mining properties, and their recommendations based upon these inspections have led to numerous valuable improvements. In practically every instance the recommendations of the joint committees have been adopted by the company management.

"The experience of almost three years has convinced the officers of the company that the Industrial Representation Plan furnishes a solution of most of the problems connected with the relations between labor and capital. It has been demonstrated repeatedly that the representatives of the employees feel their responsibility and do not hesitate to present complaints or suggestions in behalf of their fellow workmen. On the other hand, it has been found that the operating officers of the company are ready to consider all grievances and recommendations in good faith and if possible arrive at agreements satisfactory to the workmen."—(Letter from Mr. E. S. Cowdrick, Assistant to the President, August 22, 1918.)

Plan of representation of employees of the Colorado Fuel and Iron Company, in the Company's Minnequa Steel Works.

Part I.—Representation of Employees

1. Divisions.

For the purposes of this Plan, the Works shall be divided into nine divisions, as follows:

DIVISION	SUBDIVISION
First	Blast Furnace Department
	By-product Coke Plant
	Bessemer Department
Second	Open Hearth Department
Third	Rail Mill Department
Fourth	20-inch Mill
	12-inch Mill
	Bolt Factory
	Spike Factory
Fifth	40-inch Mill
	14-inch Mill
	Rod Mill
	10-inch Mill
Sixth	Wire Department
Seventh	Carpenter Shop
	Pattern Shop
	General Foundry
	Blacksmith Shop
	Machine Shop
	Boiler Shop
	Pipe-fitting Shop
Eighth	Pipe Foundry
	Roll Shop
	Scale Shop
	Electrical Shop
	Masons
	Storehouse
Ninth	Yard
	Transportation
	General

2. Annual election of employees' representatives.

Employees in each division of the Minnequa Works shall annnually elect from among their number representatives to act on their behalf with respect to matters pertaining to their employment, working and living conditions, the adjustment of differences, and such other matters of mutual concern and interest as relations within the industry may determine.

3. Time, place, and method of calling annual election of representatives, and persons entitled to participate.

The annual election of representatives shall be held during the month of January, and the nomination of representatives shall be held at least two days preceding the election. The nomination and election shall be called by direction of the President of the Company. Notices of the nomination and election, indicating the number of representatives to be elected in each division, shall be publicly posted in each subdivision of the Works a week in advance, and shall state that employees being wage-earners in the employ of the Company at the time of the election and for at least three months immediately preceding, but not foremen or salaried employees, shall be entitled to vote. Special elections shall be similarly called when removal, resignation, or other circumstance occasions a vacancy in representation.

4. Basis and term of representation.

Representation of employees in each division shall be on the basis of one representative to every one hundred and fifty wage-earners, but each division, whatever its number of employees, shall be entitled to at last two representatives. Unless the number of representatives to which a division is entitled is greater than the number of its subdivisions, no two representatives shall be nominated or elected from the same subdivision. Where the number of employees in any one division exceeds one hundred and fifty, or any multiple thereof, by seventy-five or more, an additional representative shall be elected. The persons elected shall act as the employees' representatives from the time of their election until the next annual meeting, unless in the interval other representatives may, as above provided, have been elected to take their places.

5. Nomination and election of representatives.

To facilitate the nomination and election of employees' representatives, and to insure freedom of choice, both nomination and election shall be by secret ballot, under conditions calculated to insure an impartial count. The Company shall provide ballot boxes and blank ballots, differing in form, for purposes of nomination and election. Each employee entitled to vote shall be given a nomination ballot on which he shall write the names of the fellow wage-earners in his division whom he desires to nominate as representatives, and deposit the nomination ballot in the ballot box. Each employee may nominate representatives to the number to which the division is entitled, and of which public notice has been given. Employees unable to write may ask any of their fellow employees to write for them on their ballots the names of the persons whom they desire to nominate; but in the event of any nomination paper containing more names than the number of representatives to which the division is entitled, the paper shall not be counted. The persons—to the number of twice as many representatives as the division is entitled to—receiving the highest number of nomination votes shall be regarded as the duly nominated candidates for employees' representatives, and shall be voted upon as hereinafter provided. (For example: If a division is entitled to two representatives, the

four persons receiving the largest number of nomination votes shall be regarded as the duly nominated candidates. If the division is entitled to three representatives, then the six persons receiving the largest number, etc., etc.)

6. Counting of nomination and election ballots.

The nomination and election of representatives shall be under the general supervision of the President's Industrial Representative. In each division a timekeeper appointed by the Company and a wage-earner designated by the employees' representatives of that division shall act as tellers for both nomination and election, and take charge of the ballot box containing the nomination votes, and, with the aid of the President's Industrial Representative, they shall make out the list of the duly nominated candidates, which shall be posted in each subdivision not later than the day preceding the election. On the date designated, the election of representatives shall be held by secret ballot, from among the number of candidates nominated, the same tellers having charge of the balloting, and the results of the election, signed by the tellers, shall be posted in each subdivision and forwarded to the President of the Company. If dissatisfied with the count in any division, as respects either the nomination or election, any twenty-five employees in such division who participated in the election, may, within twenty-four hours after the results of the voting have been posted, demand a recount, and for the purposes of the recount the President's Industrial Representative shall select as tellers three from the number of those demanding a recount, and himself assist in the counting, and these four shall act, in making the recount, in the place of the tellers previously chosen. There shall be no appeal from this recount, except to the President of the Company, and such appeal may be taken as hereinafter provided, at the request of any twenty-five employees who participated in the election.

7. Appeal in regard to nomination or election.

The tellers shall preserve, properly sealed, for a period of one week, both the nomination and election ballots. Should an appeal be made to the President within seven days in regard to the validity of the nomination or election in any division, upon a request in writing signed by twenty-five employees in such division who participated in the election, the tellers shall deliver the ballots to the President of the Company for recount. Should no such request be received within that time, the tellers shall destroy the ballots. If after considering the appeal the President is of the opinion that the nomination or election has not been fairly conducted, he shall order a new election in the division concerned at a time to be designated by him.

8. General proceedings at meetings.

Meetings of employees in any division may be held at such times as will not interfere with operations, on the call of the representatives of such division, to consider and make recommendations concerning any matters pertaining to their employment, working or living conditions, or arising out of existing industrial relations, including such as they may desire to have their representatives discuss with the President and officers of the Company at the Joint Conferences of the Company's officers and employees, also any matters referred to them by the President, other officers of the Company, the Advisory Board on Social and Industrial Betterment, or by any of the several Joint Committees appointed at the preceding annual Joint Conferences of officials and employees of the Company. A record of the proceedings shall be made by the Secretary of the meeting and certified to by the Chairman, and copies delivered to each of the representatives of that division and mailed to the President of the Company, to be retained by them for purposes of future reference.

1. Time, place and purpose of Joint Conferences.

Joint conferences shall be held at the call of the President, at places to be designated by him, not later than three weeks following the annual election of representatives, and at intervals of not more than four months thereafter, as the operating officers of the Company, or a majority of the representatives of the employees may find desirable. The purpose of these joint conferences shall be to receive reports of Joint Committees, to discuss freely matters of mutual interest and concern to the Company and its employees, embracing a consideration of suggestions to promote increased efficiency and production, to improve working and living conditions, to enforce discipline, avoid friction, and to further friendly and cordial relations between the Company's officers and employees.

2. Representation at Joint Conferences.

At the joint conferences the Company shall be represented by its President or his representative and such other officials as the President may designate. The employees shall be represented by their elected representatives. The Company's representatives shall not exceed in number the representatives of the employees. The Company shall provide at its own expense appropriate places of meeting for the conferences.

3. Proceedings of Joint Conferences.

The joint conferences shall be presided over by the President of the Company, or such executive officer as he may designate. Each conference shall select a Secretary who shall record its proceedings. The record of proceedings shall be certified to by the presiding officer.

4. Joint Committees on Industrial Relations.

The first joint conference held in each year shall select the following joint committees on industrial relations, which joint committees shall be regarded as permanent committees to be entrusted with such duties as are herein set forth, or as may be assigned by the conferences. These joint committees shall be available for consultation at any time throughout the year with the Advisory Board on Social and Industrial Betterment, the President, the President's Executive Assistant, or any officer of the Operating Department of the Company.

(*a*) Joint Committee on Industrial Co-operation and Conciliation, to be composed of twelve members;

(*b*) Joint Committee on Safety and Accidents, to be composed of twelve members;

(*c*) Joint Committee on Sanitation, Health and Housing, to be composed of twelve members;

(*d*) Joint Committee on Recreation and Education, to be composed of twelve members.

5.—Selection and Composition of Joint Committees.

In selecting the members of the several joint committees on industrial relations, the employees' representatives shall, as respects each committee, designate one-half the number of members, and the President of the Company or his representative the other half.

6. Duties of Joint Committee on Industrial Co-operation and Conciliation.

The Joint Committee on Industrial Co-operation and Conciliation may, of its own initiative, bring up for discussion at the Joint Conferences, or have

referred to it for consideration and report to the President or other proper officer of the Company at any time throughout the year, any matter pertaining to the prevention and settlement of industrial disputes, terms and conditions of employment, maintenance of order and discipline, Company stores, etc., etc.

7. Duties of Joint Committee on Safety and Accidents.

The Joint Committee on Safety and Accidents may, of its own initiative, bring up for discussion at the Joint Conferences, or have referred to it for consideration and report to the President or other proper officer of the Company at any time throughout the year, any matter pertaining to inspection, the prevention of accidents, the safeguarding of machinery and dangerous working places, the use of explosives, fire protection, first aid, etc., etc.

8. Duties of Joint Committee on Sanitation, Health and Housing.

The Joint Committee on Sanitation, Health and Housing may, of its own initiative, bring up for discussion at the Joint Conferences, or have referred to it for consideration and report to the President or other proper officer of the Company at any time throughout the year, any matter pertaining to health, hospitals, physicians, nurses, occupational diseases, tuberculosis, sanitation, water supply, sewage system, garbage disposal, street cleaning, wash and locker rooms, housing, homes, rents, gardens, fencing, etc., etc.

9. Duties of Joint Committee on Recreation and Education.

The Joint Committee on Recreation and Education may, of its own initiative, bring up for discussion at the Joint Conferences, or have referred to it for consideration and report to the President or other proper officer of the Company, at any time throughout the year, any matter pertaining to social centers, halls, playgrounds, entertainments, moving pictures, athletics, competitions, field days, holidays, schools, libraries, classes for those who speak only foreign languages, technical education, manual training, health lectures, classes in first aid, religious exercises, churches and Sunday schools, club houses, Y. M. C. A. organizations, etc., etc.

Part III.—The Prevention and Adjustment of Industrial Disputes

1. Observance of Laws, Rules and Regulations.

There shall be on the part of the Company and its employees, a strict observance of the federal and state labor laws and of the Company's rules and regulations supplementing the same.

2. Wages and rules open to inspection.

The wage rates shall be kept on file by the superintendents of the several departments and shall be open to inspection by any representative or other employee upon request. The rules in regard to working conditions shall be posted in a conspicuous place in each subdivision.

3. No discrimination on account of membership or non-membership in labor or other organizations.

There shall be no discrimination by the Company or by any of its employees on account of membership or non-membership in any society, fraternity or union.

4. The right to hire and discharge, and the management of the Works.

The right to hire and discharge, the management of the Works, and the direction of the working forces, shall be vested exclusively in the Company, and except as expressly restricted, this right shall not be abridged by anything contained herein.

5. *Employees' right to caution or suspension before discharge.*

There shall be posted in each subdivision a list of offences for commission of which by an employee dismissal may result without notice. For other offences, employees shall not be discharged without first having been notified that a repetition of the offence will be cause for dismissal. A copy of this notification shall, at the time of its being given to an employee, be sent also to the President's Industrial Representative and retained by him for purposes of future reference. Nothing herein shall abridge the right of the Company to relieve employees from duty because of lack of work. Where relief from duty through lack of work becomes necessary, men with families shall, all things being equal, be given preference.

6. *Employees' right to hold meetings.*

Employees shall have the right to hold meetings at appropriate places on Company property or elsewhere as they may desire outside of working hours or on idle days.

7. *Employees' right to purchase where they please.*

Employees shall not be obliged to trade at the Company stores, but shall be at perfect liberty to purchase goods wherever they may choose to do so.

8. *Employees' right of appeal to President of Company against unfair conditions or treatment.*

Subject to the provisions hereinafter mentioned, every employee shall have the right of ultimate appeal to the President of the Company concerning any condition or treatment to which he may be subjected and which he may deem unfair.

9. *Duty of President's Industrial Representative.*

It shall be the duty of the President's Industrial Representative to respond promptly to any request from employees' representatives for his presence in any subdivision, and to visit all of them frequently to confer with the employees or their representatives and the superintendents respecting working and living conditions, the observance of federal and state laws, the carrying out of Company regulations, and to report the result of such conferences to the President.

10. *Complaints and grievances to be taken up first with foremen and superintendents.*

Before presenting any grievance to the President, the President's Industrial Representative, or other of the higher officers of the Company, employees shall first seek to have differences or the conditions complained about adjusted by conference, in person or through their representatives, with the foreman or superintendent.

11. *Investigation of grievances by President's Industrial Representative.*

Employees believing themselves to be subjected to unfair conditions or treatment and having failed to secure satisfactory adjustment of the same through the superintendent, may present their grievances to the President's Industrial Representative, either in person or through their regularly elected representatives, and it shall be the duty of the President's Industrial Representative to look into the same immediately and seek to adjust the grievance.

12. The right of appeal to the superior officers of the Company against unfair treatment, conditions, suspensions or dismissals.

Should the President's Industrial Representative fail to satisfactorily conciliate any difference, with respect to any grievance, suspension or dismissal, the aggrieved employee, either himself or through his representative—and in either case in person or by letter—may appeal for the consideration and adjustment of his grievance to the Manager, General Manager, or the President of the Company, in consecutive order. To entitle an employee to the consideration of his appeal by any of the higher officers herein mentioned, the right to appeal must be exercised within a period of two weeks after the same has been referred to the President's Industrial Representative without satisfactory redress.

13. Reference of differences in certain cases to Joint Committee on Industrial Co-operation and Conciliation.

Where the President's Industrial Representative or one of the higher officials of the Company fails to adjust a difference satisfactorily, upon request to the President by the employees' representatives of the division concerned, or upon the initiative of the President himself, the difference shall be referred to the Joint Committee on Industrial Co-operation and Conciliation, and the decision of the majority of such Joint Committee shall be binding upon all parties.

14. Representation on Joint Committee to be equal when considering adjustment of differences.

Whenever the Joint Committee on Industrial Co-operation and Conciliation is called upon to act with reference to any difference, except by the consent of all present the Joint Committee shall not proceed with any important part of its duties unless both sides are equally represented. Where agreeable, equal representation may be effected by the withdrawal of one or more members from the side of the Joint Committee having the majority.

15. Umpire to act with Joint Committee in certain cases.

Should the Joint Committee on Industrial Co-operation and Conciliation to which a difference may have been referred, fail to reach a majority decision in respect thereto, if a majority of its members so agree, the Joint Committee may select as umpire a third person who shall sit in conference with the Committee and whose decision shall be binding upon all parties.

16. Arbitration or Investigation in certain cases.

In the event of the Joint Committee on Industrial Co-operation aid Conciliation failing satisfactorily to adjust a difference by a majority decision or by agreement on the selection of an umpire, as aforementioned, within ten days of a report to the President of the failure of the Joint Committee to adjust the difference, if the parties so agree, the matter shall be referred to arbitration, otherwise it shall be made the subject of investigation by the State of Colorado Industrial Commission, in accordance with the provisions of the statute regulating the powers of the Commission in this particular. Where a difference is referred to arbitration, one person shall be selected as arbitrator if the parties can agree upon his selection. Otherwise there shall be a board of three arbitrators, one to be selected by the employees' representatives on the Joint Committee of Industrial Co-operation and Conciliation, one by the Company's representatives on this Committee, and a third by the two arbitrators thus selected.

By consent of the members of the Joint Committee on Industrial Co-operation and Conciliation to which a difference has been referred, the Industrial Commission of the State of Colorado may be asked to appoint all of the arbitrators or itself arbitrate the difference. The decision of the sole arbitrator or of the majority of the Board of Arbitration or of the members of the State Colorado Industrial Commission when acting as arbitrators, as the case may be, shall be final and shall be binding upon the parties.

17. Protection of employees' representatives against discrimination.

To protect against the possibility of unjust treatment because of any action taken or to be taken by them on behalf of one or more of the Company's employees, any employees' representative believing himself to be discriminated against for such a cause shall have the same right of appeal to the officers of the Company or to the Joint Committee on Industrial Co-operation and Conciliation as is accorded every other employee of the Company. Having exercised this right in the consecutive order indicated without obtaining satisfaction, for thirty days thereafter he shall have the further right of appeal to the Industrial Commission of the State of Colorado, which body shall determine whether or not discrimination has been shown, and as respects any representative deemed by the Commission to have been unfairly dealt with, the Company shall make such reparation as the State of Colorado Industrial Commission may deem just.

COLUMBIA GRAPHOPHONE CO., Bridgeport, Conn.

Experience.—Has always met representatives committees by departments. Where organized, such as machinists, toolmakers, polishers, and buffers, the men have had their own union shop committees who deal with foremen, and on request see the management when adjustments cannot be secured through the foremen.

Personal Opinion (Mr. Edward Brundage, employment agent):—"I personally believe department shop committees should be recognized. I do not believe, however, that a shop committee covering the whole plant, if of a large size, is necessary, or a wise move if the management has proper ideals toward its employees."

CORNELL WOOD PRODUCTS COMPANY, Cornell, Wisconsin.

"It has been our policy for several years to seek the co-operation of our employees and their recommendations on a good many questions. We have six committees, the personnel of which changes every three months, who are authorized to inspect and make recommendations along the lines of safety first, mill housekeeping and general welfare of employees. Our foremen meet monthly with the executives of the property who are located at the plant and discuss the various problems which come up during the previous month. The questions which come up are discussed impartially, and, whenever possible, recommendations made are usually accepted by the management.

"As a result of the above, close contact has been obtained with our employees, thereby producing a very friendly feeling and eliminating friction, which we formerly had.

"In view of the success of the plan outlined above, we have found it necessary to develop the 'Shop Committee' (Works Committee) idea. This has been given a great deal of thought, however, but our opinion is that the plan we have worked out is sufficient for our needs under conditions ruling at present."

DENNISON MANUFACTURING COMPANY, Framingham, Mass.

"For nearly twenty-five years we have had in the shop an association for accident and sick benefit insurance known as the Men's Mutual Relief Association and for a good many years this association, through its members and officers, has taken an active interest in the shop conditions, and this interest has been encouraged by the management. Within the last few years the Relief Association has elected one of their members each month for three months' service to a board called the Safety Committee, and the management has appointed a workman each month for the same period. This committee, therefore, consists of six men from the shop and a chairman who is the safety engineer of the company and is responsible for the accident prevention work in this factory.

"The employees have also organized a Credit Union which has had the firm support and co-operation of the management, and to a certain extent, the Credit Union has represented employees' views along certain lines.

"Very recently, at the instance of the Department of Labor, the employees of this company held an election and elected sixty odd representatives from various rooms and departments in the shop who, in turn, appointed from their own number five representatives to sit with one appointed by the management as the War Industries Committee. This committee will consider many matters suggested by the Department of Labor, but the management hope its activities will not end with the war and that it may continue to serve so far as its services are needed in the consideration of such questions as you mention in your letter."—(Letter from Mr. A. B. Rich.)

The President of the Company, Mr. H. S. Dennison, under date of October 10, writes:

"I want to express my very strong hope that the shop committee idea is to form the basis of a very considerable improvement in industrial relations in the future. From our own analysis of the problem of industrial relations, we are again and again driven to the shop committee policy as an essential element. We had, before the war, about prepared plans for a gradual and experimental adoption of the plan and will certainly work to carry it out as soon as we are in a position to give to it the thought and care it deserves. Meanwhile, my own belief is that every bit of encouragement the Government agencies can afford, so that the shop committee plan will be somewhat rooted in our system by the end of the war, will be a great service."

DUTCHESS MANUFACTURING CO., Poughkeepsie, N. Y.

"On January 1st, 1918, we started our first department under the new plan. We soon found that we had not taken sufficiently into account the necessity for co-operation. Since that time, we have secured the services of an employment manager, who took one of the Government courses, and we have organized shop committees in nearly all of our factory departments. We expect to complete this shop committee organization so that it will embrace every activity. So far, the results have been most satisfactory.

"We always have and expect to continue to operate an open shop, although there has been some activity among our employees during the summer along trade union lines.

"Our committee plan briefly is as follows: We require the employees of any department to have a meeting, making nominations and balloting for

the election of a committee, usually of three from their number. To this committee is added suitable representatives of the firm and the committee as a whole decide on all questions, such as those outlined in your letter."

Personal Opinion:—"Personally, I regard the shop committee idea as the very best means of promoting co-operation. It breaks down the barrier of suspicion and distrust and paves the way to the 'willing mind,' which we believe is absolutely essential to satisfactory progress."—F. L. SWEETSER, *General Manager.*

EVERLASTIK, INCORPORATED, Bridgeport, Conn.

"We have seven plants. In all of these plants we have meetings of the foremen and heads of departments to consider all practical questions in connection with the operation of the mill and working conditions. The question of wages is not a matter for discussion at these meetings. Any other matters, however, are proper for discussion at these foremen's meetings. In three of our plants committees from the employees are invited to meet with the mill management and take up such matters as are of common interest, but never discuss the question of wages. We consider these meetings very satisfactory and are very confident that many times they have avoided friction between the employees and the management of the mill

"In only one of our mills are the employees union-organized.

"We have had practically no labor difficulties in any of our mills, and attribute some of this result to our efforts to keep as closely as possible to the general mind of the employees as reflected in these committees in the larger mills and by personal contact with the smaller mills."

WILLIAM FILENE'S SONS CO., Boston, Mass.

THE FILENE CO-OPERATIVE ASSOCIATION

From "A Thumbnail Sketch of the Filene Co-operative Association"

The Filene store is operated on a minimum wage scale, *i. e.,* no woman or girl employee is paid less than $8.00 a week.

Long ago, in the transition from the other little store to the present business, the friendly personal relations between the owners and the employees of the little store became difficult to maintain because of the fast increasing numbers. But the firm and the employees had found these relations so valuable that they still wished them maintained. The story of their search for the way of doing that is the story of the F. C. A. (*i. e.,* the Filence Co-operative Association).

That search was entered upon and carried through in a spirit of fullest sympathy with the ideals of human justice and brotherhood, but there was also the fullest realization that nothing permanently good would be accomplished which was not also based upon and justified by the principles of successful business.

Both ends have been obtained. The employees have been given ample power to correct on their own initiative and without the assistance of the firm any bad or unjust conditions or rules affecting their discipline or work. The firm in turn has secured the hearty co-operation of its people, and its management has been able to give to work for the growth and success of the business many hours which might otherwise have had to be given to the discipline and handling of employees.

The work has shown that the employees, in exercising the very considerable power given to them as the result of this work, inevitably come also to see

much more clearly and to sympathize with the problems and difficulties of the management. Having seen them, they do not abuse their power, but on the contrary, they take up heartily their share of the burden of the business and become real co-operators in it. It is the clear demonstration of this fact repeatedly proven which has made possible what has already been accomplished. It is that, also, which in the future will lead, not only to the maintenance, but also to the enlargement of the scope of the Filene Co-operative Association. . . .

The Filene Co-operative Association is an organization to which every regular employee of Wm. Filene's Sons Company belongs by virtue of employment. There are no dues imposed upon membership, but each feature of the work of the Association is planned to be self-supporting. Participation in the various features is optional with the members.

Its progress has more firmly established a true spirit of willing co-operation among all employees and the corporation to the end that their general welfare might be conserved and their efficiency increased.

The purpose of the association is to prevent the enforcement by the management of unjust rules affecting the discipline and working conditions of employees; to prevent unjust discharges or removals of employees; to inaugurate when needed new rules affecting the discipline, work or conditions of work of employees; to conduct the social and so-called welfare activities of the store without the dictation, but with the co-operation of the management.

In general, its purpose is to enable all of the employees of the corporation to have a sufficient voice in the store government and administration to make it just, considerate and effective, and to develop a healthy atmosphere of real service to customers and to each other.

Powers of the F. C. A.—The way the employees may make their voice in the management heard is as follows:

If two-thirds of the members of the F. C. A. vote in mass meeting to change, initiate or amend any rule that affects the discipline or working conditions of the employees of the store, such vote becomes at once operative.

Still further, if five sixths of the members of the Council, the elected governing body of the F. C. A., vote in favor of such a rule in meeting, it goes into effect at the close of one week, unless meanwhile vetoed by the General Manager, President or Board of Managers of the Corporation, or a majority vote of the F. C. A. But even when vetoed by the management a mass meeting may be held by the members of the F. C. A. and a two-thirds vote of the entire F. C. A. at such meeting will pass the rule over the veto.

Directors.—The F. C. A. became a still more important factor in the business in 1912, for at that time it was for the first time represented on the Board of Directors of the corporation. In this way the F. C. A. is constantly in touch with the direction of the business and has a voice in the conduct of it. The representation on the board of directors was increased from two members in 1912 to three members in 1913 and will be increased in 1914 to four out of a total of eleven directors. In few, if any, businesses in the world do the employees have a stronger voice.

Use of Power.—How have the employees used their power? Has it been used by the employees as a club to force their employers into unfair concessions, as they might well have done under the organization? Or has it been used in a judicial, fair-minded manner? Let us take an incident that happened in 1911. The question for vote was as to whether the store should be closed

all day Saturday, June 18, the day preceding being Bunker Hill Day, a State holiday. If this were done it would give the employees a three-day holiday. A precedent for such a vote had been established some years before when they had voted to close the store on July 5 (a Saturday), July 4, the holiday, coming on Friday.

Agitation had been quite intense during the days preceding the meeting, for the employees naturally were interested in having an additional day's rest with pay; the meeting was to hear both sides of the question and to decide. After those in favor of closing had made their plea, those opposed brought out an argument few had considered, the fact that conditions were not analagous. It was pointed out that a Saturday in the middle of June was much more valuable and costly to lose than one in July, that it was the last Saturday before the bulk of the school graduations and that much more business would in all probability be lost. When the vote was taken, the employees voted by an overwhelming majority not to have the extra holiday.

Similar fair-mindedness has at all times characterized the actions of the Association. The important votes it has passed have included, beside the one mentioned above, a vote giving the employees an additional holiday on the day following the 4th of July; a vote against the customary keeping open evenings preceding Christmas; several votes as to when the working day should end; a vote to allow employees to buy advertised goods on any day, including Monday, during their regular shopping hours; a vote to raise enough money to aid F. C. A. members suffering loss in the Chelsea fire in 1908; a vote that employees be permitted to buy black goods for store use at a discount of 20 per cent., which was 10 per cent. more than was allowed at that time on other goods. Such power puts the employees into a closer relation to the firm than would seem possible under any other plan. But the employees have never attempted to use this power in a way that would be disadvantageous to the firm, realizing that what is best for the firm is in the end best for them. This conception is one of the greatest benefits resulting from the Filene Co-operative Association.

Organization.—At the present time $100,000 or more flows in and out of the treasury of the F. C. A. yearly and to regulate and transact the business of the organization requires much time and considerable system. A great majority of this time is given by the employees, outside of store hours, although some exceptions are made, notably in the case of the Arbitration Board, whose work is covered below, where it is necessary to call witnesses from many parts of the store, and where it is perhaps not known definitely ahead who such witnesses might be.

The organization of the Filene Co-operative Association is as follows:

Directly responsible to the members is the F. C. A. Council, the governing board, the members of which are elected by sections from the store. Next in responsibility come the officers of the association, the President, Vice-President, Secretary and Treasurer all being elective officers.

Then come the committees, which may be briefly divided into two groups—those elected by the Association and those appointed by the President with the approval of the council. Among the elective committees are the Arbitration Board, the Insurance, Club House, and the Deposit and Loan Bureau; the appointive committees include the Library, Health, Lecture, Finance, Entertainment, Athletic, Music, Suggestion, Publication, Constitution and Special Committees.

Directly responsible to the F. C. A. council is the F. C. A. Executive Secretary and assistants whose work is covered below in greater detail.

Then there is a Medical Department reporting to the council, and several clubs organized independently, but all reporting to the main group of the F. C. A.

A complex organization? Perhaps so, on paper, yet it was built up bit by bit. For each part of the organization a need was shown before its inception and the need was met in a business-like manner. So each additional cog in the wheel, instead of making the machine revolve more slowly, has rendered the whole more manageable. For instance, as the F. C. A. grew, it was found that mass meetings of the entire body were becoming cumbersome, and that it was only on rare occasions and under great stress that all the members could be brought together. Hence the occasion arose for the council, to transact the business of and act for the main body, and the proviso for mass meetings by divisions.

Naturally the Association requires business quarters in which to transact its business. As far back as 1901, the firm set aside certain space for the employees and pledged the F. C. A. that the business would never encroach upon it. When the new store was opened in 1912 the quarters were, of course, enlarged and improved upon. The Association now has for its sole use nearly 15,000 square feet on the eighth floor of the Filene store.

Let us for a moment view these "club rooms," as they are called.

At the right, as one enters, is a complete Clinic, where medical assistance is given. It consists of the nurses' office, waiting rooms, doctor's office, men's and women's wards and the coryza room, where colds are treated. Next comes the assembly room, used for dancing and fitted with easy chairs and piano. Then the dining hall, with its tables and cafeteria and grocery store; and behind them is the kitchen—all to provide good food for the employees at prices lower than are possible outside. Adjoining the dining hall is the library, with couch chairs, books, magazines and trade papers. Here also an F. C. A. manicurist has a little office for employees only, her charge being one-half the regular rate.

Next in order comes the office of the F. C. A. Secretary, then the Committee Room where smaller committee meetings are held, and a Class Room. This latter is ordinarily used for classes in salesmanhip, but for the twelve months beginning September 1, 1913, it was loaned to the City of Boston, for use in the retail salesmanship courses which the city carries on.

All of this space is supplied to the co-operative association by the management free from rent, and is managed by the employees themselves.

Clubhouse Schedule.—Since the new store opened in September, 1912, it has become necessary to prevent conflicts of dates between various committee meetings to arrange a schedule for several weeks ahead showing what clubs and committees are to utilize its facilities on given evenings.

Activities Committee.—The Activities Committee is the baby of the F. C. A. family, but it is a healthy youngster and it is growing fast.

It is its duty to arrange for all educational opportunities and amusements which do not come directly under the charge of the various clubs, and to schedule and arrange for the various activities of the F. C. A. in order that there may be no conflicts as to the use of the club rooms, and that no two organizations may have meetings on the same night, where it will be to the detriment of one or the other.

This committee first took the field in the fall of 1913 and much credit belongs to it for the business-like way in which it has handled its educational lines. These educational branches include classes in German, French, Millinery,

Sewing, Modern Dancing and Public Speaking. All of these activities have been self-supporting, each member paying a proportionate share of the expense. They have made it possible to get these advantages for less than the same course would have cost elsewhere.

In this connection it may be noted in passing that beside the F. C. A. educational classes the store itself conducts regular educational work through its educational department. This department meets the salespeople, stock people and markers in discussions on salesmanship and business management, and in addition, through a connection with the public Continuation School, conducts classes in retail salesmanship, textiles, etc. The basis of that work is a clear statement of what the holder of each position requires in training and education to fit herself more fully for the position she holds, and to qualify her for promotion into the higher positions. For example, if it is believed that a person is fitted for a buyership, instead of allowing her to gather her knowledge as best she may, she will follow a carefully laid out course of training for this position. Another important feature of the new educational system is the attempt to train those higher up, the executives, that they in turn may properly instruct the people under them. This gives training in two quarters, from the executive down and from the beginners up.

The amusements, which are under the charge of this group, are: the Women's Bowling League (the Men's Bowling League being a part of the Men's Club), theatre parties, an opportunity to see the best operas, and the campfire group.

Arbitration Board Founded June, 1901.—August, 1912, the Arbitration Board's purpose and powers were extended and freshly defined. The following extracts from the F. C. A. Constitution show the place of arbitration in the new business:

> *Purpose:* The purpose for which arbitration is established in the business is to insure justice in the administration of the work of the store.
>
> *Scope:*—The scope of its activity shall include all cases in which any member of the F. C. A. has reason to question the justice of a decision by a superior or the action of an F. C. A. Committee or member.
>
> *Duty:* The duty of the Board shall be to see that justice prevails either by initiating an inquiry or by granting a hearing to any member of the F. C. A. It shall conduct an exhaustive examination of each case coming before it.
>
> *Powers:* The powers of the Arbitration Board are intended to extend to all cases of difference relating to
>
> (1) An employee and the management.
> (2) Two or more employees in matter of store interest.
> (3) The justice of a rule in question affecting an employee.

The questions most frequently brought before the Board are of dismissals, changes in position or wage, transfers, location in the store, missing sales, shortages, lost packages, breakages, torn or lost garments, differences between employees, payment for suggestions.

The decision of the Board is final for all cases arising within its jurisdiction; it may, however, reconsider a case upon request, if it so chooses.

In cases of dismissal or increase of pay a two-thirds vote of the entire Board is needed but in all other cases a majority vote of the entire Board decides the case, and in cases of salary deductions shall be an order for refund.

In minor cases, by majority vote of the whole Arbitration Board, the Chairman may appoint a sub-committee of three members to act as an Arbitration

Committee. Its action may be appealed from by either party to the Board for confirmation or further action by the Board.

Any executive may have any controversy between him and the executive authority of the corporation in respect to his employment, arbitrated by a special arbitration committee—one member to be chosen by the executive, one by the corporation and the third by these two. Decisions given by a majority of these arbitrators is final.

The Arbitration Board consists of twelve members, elected one from each section of the store, and a Chairman appointed from the Council by the President. The member of the Board elected from each section of the store shall be the counselor or advisor of that section. Duties of the Section Counselor are:

(*a*) To advise the employees of his section on questions arising in the conduct of their work.

(*b*) To distribute information as to the Arbitration Board among the the people of his section.

(*c*) To instruct an appellant in the detail of presenting his case before the Board.

The findings of this Board are confidential. It is of interest, however, in viewing its work to note that through the years, the cases seem to average about half in favor of the firm, and half in favor of the appellant.

Insurance Committee.—Let us now look briefly at the purpose of the other committees in this organization and the work they have accomplished.

To the Insurance Committee belongs the honor of being the beginning of the F. C. A. At the time it started (1898) there were about one hundred employees. The Messrs. Filene, having in mind the losses to employees in both time and money through illness, at that time suggested a Mutual Insurance Association. The suggestion was accepted by the employees and nearly all became members. The original plan called for an initiation fee of 25c and dues of 5c weekly; the sick benefits were five dollars a week for not over four weeks in any year, and there was a death benefit of fifty dollars.

The insurance organization was not self-supporting on this basis, and consequently, in the fall of 1906, the question was taken up by the Council and a sliding scale adopted. This scale was again readjusted in the fall of 1911 and now reads as follows:

Scale	Benefit in case of illness
Death Benefit	50 per week
30c per month	5 per week
35c per month	6 per week
50c per month	8 per week
60c per month	10 per week
Death Benefit	50 perweek

Medical Department Founded in 1898.—Its work is building better men and women. Simultaneously with the birth of the Insurance Committee came the desire to prevent illness as far as possible. Ways and means were considered and arrangements made to have come to the store one hour a week a medical advisor with whom members could consult and thereby know in time what steps to take to prevent disease and breakdown.

The important point for consideration in connection with this medical department was that employees might hesitate to go to a physician appointed and paid by the management for fear that illness or poor health might be reported to the firm and affect their employment. It was arranged that the

medical staff should be hired and controlled entirely by the employees themselves. The employees have, therefore, had entire confidence in the work of the clinic and have made use of it freely. The result has been of great benefit to the employees and to the firm as well.

Our Medical Director has been at the head of the Medical Department for the past sixteen years. He has done and is doing an immense amount of good in preventing illness. He has stimulated Health Talks through the Lecture Committee, encouraged the use of proper foods through the Club House Committee, and advised F. C. A. members through the *Echo,* the Store Paper, how to dress and care for the body in all kinds of weather. He has obtained special rates for our Store people with other physicians, dentists, and eye, ear and throat specialists.

In the fall of 1905 a registered nurse was added, a fully equipped medicine cabinet and couches installed and a separate doctor's office provided. The Store Management from the beginning has paid the salary of the registered nurse and all medical expenses. The present clinic is a model of its kind and meets every emergency need for medical help. It treats or advises from 100 to 125 daily.

Lecture Committee 1898-1899.—Through the activities of the Lecture Committee arrangements have been made not only for Health talks but also for lectures on subjects of general interest by many well-known and interesting speakers.

Library Committee 1899.—As the interests gradually broadened, in 1899 the Library was started, using as a nucleus books contributed by a few employees and others. The dues were two cents a week. By April, 1901, the library had about two hundred volumes. There are now eight hundred volumes on our shelves.

Suggestion Committee 1899.—To encourage thought and to interest employees in the policies and activities of the store and of the F. C. A., prizes for accepted suggestions for improvements in the business are paid according to a schedule arranged by the Store Management. These prizes are awarded by a Suggestion Committee appointed by the President of the F. C. A. They may make their awards on the recommendation of the executive whose work the suggestion affects, but they have the power of awarding prizes without the approval of the person affected by the suggestion.

F. C. A. Council Founded in 1905.—In 1905 it was found impractical, because of the greatly increased number of employees, to transact business by mass meetings of employees as a whole. Consequently in this year the F. C. A. Council—the legislative body of the Association—was formed, the members being the elected officers of the Association and elected representatives. Originally there was one representative for every fifty employees. At present the Council consists of one member from each of twelve sections of the store, nine members elected at large, and the officers.

All of the business of the Association is transacted at the bi-weekly meetings of the Council and then reported back to the employees through the *Echo,* (the F. C. A. organ) or by written notice. Only rarely is it necessary or desirable to use the referendum. It was made use of in 1913, for instance, when the question as to how the funds of subsidiary organizations should be handled was up for discussion.

The mooted point was a proposed amendment to the constitution providing that all funds must be turned over to the treasurer of the Association and could not be carried by any club or committee. For weeks and months the

two sides locked horns over this question in the council. The question was finally referred back to the entire body and the amendment was lost.

F. C. A. Executive Secretary.—The years 1900 and 1901 were very eventful in making F. C. A. History, for in 1900 the firm created the Welfare Manager's Office. In the beginning, the welfare manager engaged and discharged the employees of the store, was educational director, acted as intermediary between the Firm and the people or between one person and another, and was executive secretary to the Filene Co-operative Association. It was her duty to assist all F. C. A. Boards and Committees and in general to promote the objects and principles of the F. C. A. and oversee the general welfare of employees.

In 1907 this office was changed and the F. C. A. now has an Executive Secretary, who is its executive and administrative head, paid by the store, appointed by the President of the F. C. A., and confirmed by five-sixths vote of the entire council. The Secretary acts as a confidential advisor to any employee upon any matter affecting her or his personal interest in the store or as a member of the F. C. A. He also acts as an intermediary between the Corporation and the people or between one person and another, and decides what is fair and just. His decision is an acknowledged factor before the Store Management in the final adjustment of a matter on appeal. He is the recognized representative of the F. C. A. and of employees' interests before the Store Management and the Corporation.

Entertainment Committee 1900.—In 1899 we had our first summer outing. The Entertainment Committee was not formed, however, until February, 1900, at which time it was organized to take charge of our first Store Entertainment, the beginning of the social affairs of the F. C. A. Our summer outings, or Field Days, have continued to the present year.

F. C. A. Bank 1900.—The F. C. A. Bank was established in 1900. In a very short time deposits grew so large that in order to safeguard them the firm, with the consent of the people, took charge of these funds, agreeing to pay five per cent. on all sums deposited with them. The deposits draw interest monthly; interest is added semi-annually. On December 31, 1913, the bank deposits totalled $71,800, distributed among 1619 employees, 76.6 per cent. of the employees in the store, an average deposit of $44.36.

The Loan Department of the Bank was introduced by the Board of Finance in the fall of 1905. This was done to meet a definite need, for it had frequently happened that some of our people had been obliged at times to borrow at loan offices small sums of money for urgent needs, and compelled to pay exorbitant rates of interest. Loans are made to employees on the approval of the Bank Officers or of two of the Directors. Three hundred and forty-two amounting to $7,934.50, were outstanding December 31, 1913, the average amount of each loan being $23.20. Loans for more than a person's weekly salary are made only on good security. The maximum charge for loans to employees is one per cent. a month.

Club House Committee.—The first Club House opened on April 8, 1901. It afforded a place for lunches, with conveniences for preparing food, and social gathering lectures, musicales and whist parties.

At the present time the Dining Room is one of the larger departments of F. C. A. work, and is patronized every day by about twelve hundred people, the average lunch check being 13c. In addition the Lunch Room serves each day breakfasts and suppers. It also furnishes dinner for the numerous evening meetings and caters to parties, dances and outings of store people.

For the past few years the F. C. A. Club House Committee has made substantial savings for employees by establishing co-operative buying. For instance, for the past few years it has bought Thanksgiving and Christmas turkeys; it has established Co-operative Coal Buying and Co-operative Supply Buying by procuring and selling household necessities at practically wholesale prices. At the present time, the Co-operative Govery store does an average business of $25 a day on groceries and $10 a day for candy. Meats are sold on immediate order. Its being associated with the employees' restaurant has helped considerably—an important factor where perishable goods are to be considered.

In February, 1912, a Special Co-operative Supply Committee was appointed, to enlarge and develop co-operative buying, not only of food stuffs, but of furniture and other articles. This committee for a time operated independently of the Club House Committee and sold goods at exact wholesale cost. But in August, 1912, the Council voted to have this buying also done through the Club House Committee.

The work of this Committee has probably meant more to F. C. A. members than any other, except the Arbitration Committee. The deterrent factors to greater success of this project are the immediate competition of the cut-rate grocery stores, which have immense buying power, and the fact that people do not like to carry packages in crowded cars.

F. C. A. "Echo" Founded in 1902.—As the store grew larger some recognized publicity organ of F. C. A. events was necessary, in order that all members might become more familiar with each committee's work and results. Accordingly our first Store paper (*The Echo,* as it was called) was published by the employees on July 1, 1902, and appeared nearly every month thereafter until April 1, 1912, when *The Echo* became a weekly paper.

The paper is open to all for contributions of news items, stories, poems or sketches of any kind. The aim is to make *The Echo* a newspaper with educational features.

Up to April 1, 1912, *The Echo* paid its own expenses through sales of copies and by contributions. The Store Management, however, now makes a weekly contribution to the paper but has no voice in its management, nor does it see the matter which appears in its columns until the paper is printed.

Athletics.—In 1904 the Silver League Cup was won by the F. C. A. Baseball Club. This was the start of store athletics. Baseball, track athletics, bowling, swimming, hockey, skating and other athletics have since been carried on in the F. C. A., as a rule under the guidance of special committees. In the season 1913-14, for instance, the association was represented by one of the best relay teams in Boston and has been engaged in several competitive meets with amateur athletic organizations. The spirit of pure amateurism has always been the only standard, and early the Association took a decided stand against the practice of placing athletes on the payroll in order that they might play on various teams.

In February, 1905, the Athletic Committee was created, to encourage the formation of dancing and gymnasium classes, basket-ball teams, games, or any other form of physical exercise of general or social benefit. At first there were about 25 women under the direction of a gymnastic teacher; then all the women in the store were given the use of the Normal School of Gymnastics, with the privilege of shower baths under the direction of an instructor.

F. C. A. Music Committee—Founded May, 1905.—The F. C. A. Music Committee is appointed to furnish musicales, arrange for a Choral Society of F. C. A. members, and to furnish entertainments.

A notable outgrowth of the music committee is the Filene Choral Club, first organized in 1910. The first Choral Concert was given in the store; several followed in the larger Boston halls, and in 1913 and 1914 very ambitious concerts, followed by dancing, were the rule. But aside from the concerts, the Choral Club has done noteworthy work in providing musical training for those who wished to benefit by it. For the past two years, the growth has been steadily upward, and the Club promises to be one of the best-known and best-liked members of the F. C. A. family.

First F. C. A. Cottage—Founded Summer, 1905.—For years there was a demand for a summer camp or cottage in the country or at the shore, where F. C. A. members could live during the warm weather or spend their vacations or week-ends. To meet this demand a hostess was arranged for and a cottage was hired at Winthrop in the summer of 1905. The next year a Health Camp at Winthrop was rented, and again in 1907 and 1910 cottages were hired.

These attempts at summer cottages, however, raised the larger question of permanent housing quarters for F. C. A. members, and special committees have investigated the question of building groups of cottages or separate houses to be let to members, with arrangements whereby the rentals could be applied to payments for purchasing. So far, however, the project has not received sufficient support to warrant its being undertaken.

F. C. A. a Stockholder.—In December, 1906, Wm. Filene's Sons Company increased their capital stock from $150,000 to $400,000 and sold shares to executives. At the same time a gift of ten shares to the Filene Co-operative Association was made by Messrs. E. A. and A. L. Filene in memory of their father, William Filene, the founder of the business. The F. C. A. derives a certain amount of revenue each year from dividends declared.

Clubs.—As the F. C. A. grew larger and larger and the difficulty in securing mass meetings became greater, smaller groups began to form.

The first of these was the Girls' Club, organized in 1907 as an outgrowth of the educational classes. The purposes of the Club are personal development, increased interest in the F. C. A. and its activities, the cultivation of sociability, mutual helpfulness among our girls, and the increase of the spirit of loyalty to the store. In the early fall of 1912, when hundreds of new girls joined the forces at the opening of the new store, this club was divided into two parts: one for girls under twenty-one years of age, called the Girls' Club, and one for young women over twenty-one, called the Young Women's Club. Any girl or woman employee may join.

In the fall of 1910 a large Men's Club was organized and a constitution drawn up and accepted. There had been men's clubs and boys' clubs in the store previously, but they flourished only for short periods. Many pleasant entertainments, and lectures by well-known men, have been furnished by the Club at its bi-monthly dinner meetings in the Club House. The object of the Men's Club is to help its members by furnishing educational, social, and recreative opportunities, by increasing their business efficiency, and to help the F. C. A. by furthering the knowledge of self-government and industrial democracy.

Campfire Groups.—In 1913, following along the lines laid down by the National Campfire Association, several groups of campfire girls in the store were organized. These have no connection with the F. C. A. except that individually the members are part of the main organization, but the campfire idea in the store undoubtedly received its stimulus from the main organization.

Profit Sharing.—In September, 1903, the corporation put into effect its first profit-sharing plan. In essence this plan called for the payment of a certain proportion of the department profits to the department executives, these department profits being based on the bill price of the merchandise without deduction for discounts. The remaining department profits, diminished by whatever losses there might be in other departments, became a general fund in which all executives not directly connected with the merchandise departments were to share. With variations this plan continued until the new store opened in September, 1912. In general it may be said of the plan that while considerable sums were paid to employees under it, on the whole it was a failure, especially as regards the general profit sharers.

The new store into which the business entered in September, 1912, contained nearly three times the space of the former premises and it therefore seemed best to make specially heavy expenditures in that year in order to establish a much larger business quickly. For this reason it has not been possible to make any distribution of profits among the employees, but the following has been prepared and it is our intention it shall become operative as soon as profit sharing becomes feasible.

In substance the plan is that all net profits remaining after the payment of dividends on the preferred and on the common stock, which represents a reasonable amount paid by the new corporation formed upon entering into the new store for the assets of the former business, together with additional capital invested, and also such sums as are necessary to retire stock, etc., are divided among the employees. The distribution is one-half to the members of the Management and one-half to the remaining employees. This latter one-half is divided among the employees in proportion to their salaries. In order to reward specially meritorious service a Board of Apportionment is to be appointed annually (consisting of three members selected by the Filene Co-operative Association, three by the Directors of the corporation, and a seventh selected by these six), which has power to award persons who have performed such service suitable sums, these sums being deducted from the half paid to employees other than the Management before the distribution is made on the basis of salaries. The plan also provides that awards out of net profits may be made to the F. C. A. before anything is distributed if the Directors of the business so decide.

Bonuses.—In addition to the profit sharing additional provision has been made for special remuneration to be deducted before net profits are figured, for increased efficiency in due proportion to individual results accomplished. This is in the form of payments in addition to the fixed wage, consisting of bonuses to department executives, extra commissions to salespeople, etc., for the achievement of especially excellent results in the individual departments. There is some likelihood that this bonus idea may be still more largely applied, the basic idea being that it will increase efficiency in the department and thus increase the amount of net profit to be distributed to profit sharers.

Self-Support.—All who have followed the course of mutual benefit organizations know that they disintegrate if treated paternally. One reason the F. C. A. has lived, is that one of its fundamental principles has always been that it should be not only self-governing but also in the main self-supporting. While it is true that it receives in many ways help from the firm, financially and otherwise, in almost every case there is a direct return to the firm in increased efficiency for which the management is willing to pay. A notable instance of this is the payment of fifty dollars weekly toward the printing of the Association

organ, *The Echo*. For this the firm receives a merchandise advertisement once each week and the opportunity to educate the employees on matters that will save the firm money. Then, too, the firm pays the salary of the Executive Secretary of the F. C. A., in return for which he gives help to employees calculated to make them more fit for their daily work and for advancement. The Club House pays its expenses through the sale of food and groceries, the Library through dues for books, the insurance through its weekly premiums, and the various clubs and entertainment features through dances, minstrel shows and bazaars.

Several entertainments given each year by the various clubs have become nxtures in the store calendar. These include the Girls' Club Dance, the Men's Club Dance, the Choral Club Concert, the Annual Field Day, the Young Women's Club Dance, the Bowling Banquet and this year a new feature, the Annual Bazaar.

Bazaar and Exposition.—High up in the list of affairs that fill the F. C. A. coffers are Bazaars and Expositions. The first of these was held in May, 1908, and raised six hundred dollars toward remodeling the Club House. In 1908 the first F. C. A. Exposition was held. Besides the amusements, the walls of the Club House were covered with charts showing the progress of the Association.

In the fall of 1913 the F. C. A. faced a serious deficit. Then it was that the greatest of all bazaars was held. Members of the Association from the firm down allied themselves with the various committees to make it a success. For three nights the Club House was a blaze of color and three different entertainments—vaudeville, a minstrel show and concert—provided amusement for as many as fifteen hundred at one time. Dancing, booths, fortune telling and music provided other means of enjoyment, and when the smoke had cleared away, the figures showed the Association nearly $2,000 profit. Never had the members shown greater get-together spirit—"Co-operation."

"The F. C. A. Forever."—The F. C. A. has now an organization song, "The F. C. A. Forever," which, in 1913, was written and published by two men members and dedicated to the Association. It is original, inspiring and of good musical quality and is probably unprecedented in organizations of a like character.

What Results Have Been.—After all, however, movements must be judged by results—once the experimental stage is passed. So it is not enough to state that the F. C. A. has existed for sixteen years as a self-governing and largely self-supporting body. We must look further and see whether such an Association has resulted in better work, a better personnel and greater CO-OPERATION, for that is the foundation stone of the Association.

Getting together and co-operating with one another for personal growth and enjoyment comes naturally and obviously from the growth of the organization. Co-operation with one another for the benefit of the business—co-operation with the management in forwarding their projects are indirect and must be sought for more under the surface. Nevertheless they exist and are exerting a helpful influence in the store.

Personal Interest in the Business.—Because they are so banded together and have a personally governed organization of this kind, the members feel a personal interest in its success, and a pride in the business that makes it possible. They have been taken into the firm's confidence. They have come to learn that the best interests of the firm are their own, and a feeling of partnership exists

which does more than coaxing or orders to make them work to make the business successful.

Just as in nations self-government has proved that it leads to a higher social, political and intellectual development, so in business the same principles have meant a growth of the individual, which indirectly benefits the business. And this individual development working on and on has meant newer and higher standards and a better personnel.

The employees feel a greater security in their position, for they have constantly before them the protection that their arbitration board—theirs, for it is elected and governed by them—may be appealed to for protection against unfairness of any kind; to enforce the square deal, whether it be in petty difficulties or in matters of wages, position or reinstatement after discharge.

Again, many a round peg in a square hole, as efficiency experts are wont to term those vocationally misapplied, can prove to the firm that he or she is efficient provided they are merely placed in a position where that efficiency can have a wider outlet.

Special Opportunities a Good Influence.—Even social opportunities are not without their benefits in making individual members better men and women for the business. The spirit of friendliness, the commingling with their fellows, has worn the rough edges off many a young man or young woman who came into the store the roughest sort of material and who in a few years became a most valued member of the store family. Character, intelligence and personal responsibility have inevitably improved once the principles and ideals of the Association were grasped.

F. C. A. Works Better for the Business.—Direct comparisons have made one point clear; always the man or woman who has taken part in F. C. A. work, who has given of his time and experience to help the movement, has helped himself even more than he helped the Association, and come out of such work a bigger man, and a better man for the firm to have associated with it. He is more apt to be successful all round than the man who stays aloof, as happens in, happily, comparatively few cases.

Summed up, the F. C. A. has resulted in a natural loyalty, a feeling of personal responsibility for the success of the business, a spirit of help-one-another, it has spelled growth for the individual, efficiency for the business; it is easily worth what it has cost the employee in his time and money; the firm considers it worth many times what it has cost them in their time and money. It is no longer as experiment; it is a fact, it has made the interests of employer and employee harmonize. In this the real solution of just and efficient relations between employees and employers lies.

THE GLOBE WERNICKE COMPANY, Cincinnati, Ohio.

"We have a sort of incipient shop committee composed of six members who confine themselves almost exclusively to the consideration of improvements of methods and machinery in one department—the one which requires the most nursing. We have been giving each member of this committee a present of $100 just before Christmas.

"We already have a welfare association, which is supported by its members and is assisted by us whenever assistance is needed."

Personal Opinion.—"Because of the benefits which we have derived from the work of this committee, I have been impressed with the desirability of enlarging it to take in other departments and to enlarge the scope in the direction

of wages, grievances, discipline, welfare, etc.; but conditions are so abnormal at present that nothing definite in this direction can be done with fair hope of success and I do not want it to break down because of being started at the wrong time.

"My personal view is somewhat reflected in what I have said above; but I may add that I am keenly interested in the general idea, provided, however, that unionism can have no association or connection with it. The conviction has been growing on me for a good while that the rank and file of our employees ought to have some proper means of expression and that encouragement ought to be offered to those of good intentions and that initiative and ability should be revealed and encouraged."—Mr. N. C. Yeiser, *President.*

H. P. HOOD & SONS, Milk, Cream and Dairy Products, Boston, Mass.

"The Hood Council," on which is a representative from each one of these centres, elected by the working men. In addition there are three councillors-at-large who are appointed by the management. This Council has the usual functions of shop committees and most anything can be brought up at its meetings. The question of wages has never been discussed, although there is nothing to prevent its being brought up. With us the Council has never been very active and simply seems to serve as a means of obtaining by the management the ideas and thoughts of the working men, giving an opportunity to anticipate any grievances on the part of the men before they have gone too far. The mere fact of its existence seems of itself to be a source of confidence on the part of the men.

"We feel that it has served a useful purpose with us, namely, to keep the management in closer touch with the men."

THE HART SCHAFFNER & MARX Labor Agreement

A Compilation and Codification of the Agreements of 1911, 1913 *and* 1916 *and Decisions Rendered by the Board of Arbitration—*
(Published by the Company, 1916.)

Preamble

The parties whose names are signed hereto purpose entering into an agreement for collective bargaining with the intention of agreeing on wage and working conditions and to provide a method for adjusting any differences that may arise during the term of this contract.

In order that those who have to interpret this instrument may have some guide as to the intentions and expectations of the parties when entering into this compact, they herewith make record of their spirit and purpose, their hope and expectations, so far as they are now able to forecast or state them.

On the part of the employer it is the intention and expectation that this compact of peace will result in the establishment and maintenance of a high order of discipline and efficiency by the willing co-operation of union and workers rather than by the old method of surveillance and coercion; that by the exercise of this discipline all stoppages and interruptions of work, and all wilful violations of rules will cease; that good standards of workmanship and conduct will be maintained and a proper quantity, quality and cost of production will be assured; and that out of its operation will issue such co-operation and good will between employers, foremen, union and workers as will prevent misunderstanding and friction and make for good team work, good business, mutual advantage and mutual respect.

On the part of the union it is the intention and expectation that this compact will, with the co-operation of the employer, operate in such a way as to maintain, strengthen, and solidify its organization, so that it may be made strong enough, and efficient enough, to co-operate as contemplated in the preceding paragraph; and also that it may be strong enough to command the respect of the employer without being forced to resort to militant or unfriendly measures.

On the part of the workers it is the intention and expectation that they pass from the status of wage servants, with no claim on the employer save his economic need, to that of self-respecting parties to an agreement which they have had an equal part with him in making; that this status gives them an assurance of fair and just treatment and protects them against injustice or oppression of those who may have been placed in authority over them; that they will have recourse to a court, in the creation of which their votes were equally potent with that of the employer, in which all their grievances may be heard, and all their claims adjudicated; that all changes during the life of the pact shall be subject to the approval of an impartial tribunal, and that wages and working conditions shall not fall below the level provided for in the agreement.

The parties to this pact realize that the interests sought to be reconciled herein will tend to pull apart, but they enter it in the faith that by the exercise of the co-operative and constructive spirit it will be possible to bring and keep them together. This will involve as an indispensable pre-requisite the total suppression of the militant spirit by both parties and the development of reason instead of force as the rule of action. It will require also mutual consideration and concession, a willingness on the part of each party to regard and serve the interests of the other, so far as it can be done without too great a sacrifice of principle or interest. With this attitude assured it is believed no differences can arise which the joint tribunal cannot mediate and resolve in the interest of co-operation and harmony.

Section I.—Administration

This agreement is entered into between Hart Schaffner & Marx, a corporation, and the Almalgamated Clothing Workers of America, and is effective from May 1, 1916 to April 30, 1919.

Officers of the Agreement.—The administration of this agreement is vested in a Board of Arbitration and a Trade Board, together with such deputies, officials and representatives of the parties hereto as are now or hereafter may be appointed for that purpose, whose duties and powers are hereinafter described.

Board of Arbitration.—The Board of Arbitration shall have full and final jurisdiction over all matters arising under this agreement and its decisions thereupon shall be conclusive.

It shall consist of three members, one of whom shall be chosen by the union, one by the company, and the third shall be the mutual choice of both parties hereto and shall be the chairman of the Board. It is agreed that the Board as constituted under the old agreement shall be continued during the present agreement, William O. Thompson being the choice of the union, Carl Meyer, the choice of the company and J. E. Williams, chairman, being chosen by agreement of both parties.

It shall be the duty of the Board to investigate, and to mediate or adjudicate all matters that are brought before it and to do all in its power to insure the successful working of the agreement. In reaching its decisions the Board is expected to have regard to the general principles of the agreement; the spirit

and intent, expressed or implied, of the parties thereto; and, especially, the necessity of making the instrument workable, and adaptable to varying needs and conditions, while conserving as fully as possible the essential interests of the parties involved.

The line of practice already developed by the Board shall be continued. This contemplates that questions of fact and testimony shall in the main be considered by the Trade Board while the Board of Arbitration will concern itself mainly with questions of principle and the application of the agreement to new issues as they arise. But this is not to be construed as limiting the power of the Board, which is broad enough to make it the judge of facts as well as principle when necessary, and to deal with any question that may arise whose disposition is essential to the successful working of the agreement.

By agreement between the chief deputies, cases may be heard and decided by the chairman of the Board alone.

Emergency Powers.—If there shall be a general change in wages or hours in the clothing industry, which shall be sufficiently permanent to warrant the belief that the change is not temporary, then the Board shall have power to determine whether such change is of so extraordinary a nature as to justify a consideration of the question of making a change in the present agreement, and, if so, then the Board shall have power to make such changes in wages or hours as in its judgment shall be proper.

Trade Board.—The Trade Board is the primary board for adjusting grievances, and shall have original jurisdiction over all matters arising under this agreement and the decisions relating thereto, and shall consider and dispose of all such matters when regularly brought before it, subject to such rules of practice and procedure as are now or may be hereafter established.

The Board shall consist of eleven members, all of whom excepting the chairman, shall be employees of Hart Schaffner & Marx. Five members shall be chosen by the company, and five by the union, and it is understood that these shall be selected in such manner as to be representative of the various departments—cutting and trimming, coat, vest and trousers.

The Board shall be presided over by a chairman who shall represent the mutual interests of both parties hereto, and especially the interest of the successful working of this agreement. He shall preside at meetings of the Board, assist in investigation of complaints, endeavor to mediate conflicting interests, and, in case of disagreement, shall cast the deciding vote on questions before the Board. He shall also act as umpire on the cutting room commission, and perform such other duties as may be required of him by the agreement or by the Board of Arbitration.

The chairman shall hold office during the term of the agreement, and in case of death, resignation, or inability to act, the vacancy shall be filled by the Board of Arbitration.

It is especially agreed that James Mullenbach, chairman under the former agreement, shall be retained under the present agreement.

Meetings of the Board shall be held whenever necessary at such times as the chairman shall direct. Whenever an authorized representative of both parties is present, it shall be considered a quorum. Each party is privileged to substitute an alternate in place of the regular member whenever they so desire. Should either side, after reasonable notice, fail to send a representative to sit on the Trade Board, then the chairman may proceed the same as if both parties were present.

Members of the Board shall be certified in writing to the chairman by the Joint Board of Hart Schaffner & Marx, and the proper official of the company and any member, other than the chairman, may be removed and replaced by the power appointing him.

Deputies.—The deputies are the officers having direct charge of the execution of the provisions of this agreement in the interest of their respective principles. Each of the parties hereto shall have a sufficient number of deputies to properly take care of the work necessary to be done to keep the docket from being clogged with complaints, and to insure an efficient working of the agreement. They shall have power to investigate, mediate, and adjust complaints, and settlements made by the deputies of the parties in dispute shall be legally binding on their principals. In case of appeal to the Trade Board or Board of Arbitration the deputies may request their respective principals before these Boards, and shall have power to summon and examine witnesses, to present testimony or evidence, and do such other things as may be necessary to place their case properly before the trial body, and such body shall see to it that they be given adequate opportunity and facility for such presentation, subject to the usual rules of procedure.

One of the deputies on each side shall be known as the chief deputy, and the statement of the chief deputy shall be regarded as an authoritative presentation of the position of his principal in any matter in controversy. Unless reversed or modified by either of the Trial Boards the agreement of the chief deputies in all matters over which they or their principals have authority shall be observed by all parties.

The union deputy shall have access to any shop or factory for the purpose of making investigations of complaints; but he shall in all cases be accompanied by the representative of the employer. Provided, that the latter may at his option waive his right to accompany him, also that in minor matters where convenience or expedition may be served the union deputy may call out the shop chairman to obtain information without such waiver.

The deputies shall be available to give their duties prompt and adequate attention, and shall be subject to the direction of the Trade Board in all matters relating to the administration of this agreement.

Qualifications of Deputies.—Each deputy, in order to qualify for duty, must have a commission signed by the proper official representing the union or the company, and said commission must be countersigned by the chairman of the Trade Board. Deputies must be either employees of Hart Schaffner & Marx, or must be persons who are connected with the Joint Board of Hart Schaffner & Marx.

Shop Representative.—The union shall have in each shop a duly accredited representative authorized by the Joint Board who shall be recognized as the officer of the union having charge of complaints and organization matters within the shop. He shall be empowered to receive complaints and be given sufficient opportunity and range of action to enable him to make proper inquiry concerning them. When necessary for the shop representative to leave his place to investigate complaints the foreman may, if he deems it necessary, ask to be informed of the purpose of his movements, and the representative shall comply with his request.

It is understood the shop representative shall be entitled to collect dues and perform such other duties as may be imposed on him by the union, provided they be performed in such manner as not to interfere with shop discipline and efficiency.

It is expected that he will represent the co-operative spirit of the agreement in the shop, and shall be the leader in promoting that amity and spirit of good will which it is the purpose of this instrument to establish.

The co-operative spirit enjoined on the shop representative in the foregoing paragraph shall be expected in equal degree from the shop superintendent, who shall be expected to contribute his best efforts to promote harmony and good will in the shops.

Section II.—Procedure

When Grievances Arise.—When a grievance arises on the floor of the shop, the complainant shall report it with reasonable promptness to the shop representative, who shall present it without undue delay to the shop superintendent. These two may discuss the complaint in a judicial temper, and may endeavor to agree to an adjustment. It is understood, however, that they are not a trial board, and it is not expected that they shall argue or dispute over the case. In the event that the shop representative is not satisfied with the action of the superintendent, he may promptly report the matter to his deputy, with such information as will enable him to deal advisedly with the case.

Failure to comply with these provisions for the regulation of shop transactions shall subject the offender to discipline by the Trade Board.

Informal oral adjustments made by shop officials are subject to revision by the Trade Board, and are not binding on their principals unless ratified by the chief deputies.

Adjustment by Deputies.—When the shop officers report a disputed complaint to their respective deputies, they shall give it such investigation as its nature or importance demands, either by visitation to the shop or by the taking of testimony, and shall make an earnest endeavor to reach a settlement that will be just and satisfactory to all the parties in dispute.

Disagreement by Deputies.—In the event of a failure to agree on an adjustment, the deputies shall certify the case for trial to the Trade Board, agreeing on a written statement of facts if possible. In certifying such disagreement the deputy to the Board shall file a statement stating specifically the nature of the complaint alleged with the Trade Board, and shall furnish a copy to the representative of the dissenting party who shall have, at least, twenty-four hours to prepare his answer, unless otherwise agreed on; provided, that by direction of the chairman of the Trade Board emergency cases may be brought to trial at once. Where no statement has been filed in writing within a reasonable time after disagreement of the deputies, it may be assumed that the disagreement no longer exists, and the case may be considered settled.

Docket and Records.—The chairman of the Trade Board shall keep a docket in which all cases shall be entered in the order of their arising. Unless otherwise directed by the chairman, cases shall be heard in the order of their filing. Duplicate records shall be made by the Board, one copy of which shall be retained by the chairman, and one given to the chief deputy for the union. Such records shall contain all complaints filed with the Board; orders or decisions of the Board, or of the deputies or of any committee; calendars of pending cases, and such other matter as the Trade Board may order placed upon the records.

Direct Complaints.—Complaints may be made directly by either party, without the intervention of a shop representative, whenever it desires to avail itself of the protection of the agreement; but a statement of the facts and grounds of such complaints must be filed in writing as hereinbefore provided. Unless

written notice has been filed, it may be presumed, officially, that no complaint exists.

Decisions, Appeals, Etc.—All decisions of the Trade Board shall be in writing, and copies given to the representatives of each party. Should either party desire to appeal from the decision, it shall file with the Board a notice of its intention so to do within ten days of the date of the decision. Or if either party desires an amendment or modification of the decision, or a stay of execution pending the appeal, it may make a motion in writing to that effect, and the chairman shall use his discretion in granting it. In certifying the case to the Board of Arbitration, the chairman shall make a summary of the case in writing, giving the main facts and the grounds for his decision.

Number of Higher Trial Board.—On being notified of the appeal to the Board of Arbitration, said appeal may be heard by the chairman, as representative of the Board, if both parties agree to it and it is acceptable to him. He shall, however, have the right to call for the full board if in his judgment the situation requires it. In the event that the representative of the Board of either party is unable to attend a Board meeting, such party may, at its discretion, furnish a substitute.

Hearing; How Conducted.—The chairman shall determine the time and place of meeting and shall notify all the parties in interest. Each party shall prepare the case in advance, and have its testimony, evidence, and facts in readiness for the hearing. The Board shall give each party ample opportunity to present its case, but shall be the judge of procedure and shall direct the hearing as to its order and course. After giving an adequate hearing of the evidence and arguments the Board shall render its decision is writing, and shall furnish copies to the chief deputies of each party and to the chairman of the Trade Board. In the event that the Board is unable to reach a unanimous decision, the decision of a majority shall be binding.

Motions for Rehearing.—The Board may, after a reasonable time, grant a rehearsing of any decision, if, in its judgment, there appears sufficient reason for doing so. Decisions are to be regarded as the Board's best solution of the problem offered to it at the time of hearing, but as the problem changes with time and experience it is proper there should be afforded a reasonable opportunity for rehearing and review. Motions for a rehearing shall be made in writing, and shall set forth the reason for the request.

Enforcement of Decisioss.—All decisions, whether of deputies, Trade Board, or Board of Arbitration, shall be put into execution within a reasonable time, and failure to do so, unless for explainable cause, shall convict the delinquent party of disloyalty to the agreement. The party in error shall be notified of the charge, and suitable discipline imposed. The chief deputy of each party shall be held responsible in the first instance, for enforcement of decisions or adjustments herein referred to, and shall be held answerable, primarily, to the Trial Board.

Section III.—Rates and Hours

[*This Section contains provisions relating to hours, minimum rates of wages, overtime, etc. It contains the following two paragraphs relating to the Piece Rate Committee.*]

Piece Rate Committee.—Whenever a change of piece rate is contemplated the matter shall be referred to a specially appointed rate committee who shall fix the rate according to the change of work. If the committee disagrees the

Trade Board fix the rate. In fixing the rates, the Board is restricted to the following rule:

Changed rates must correspond to the changed work and new rates must be based upon old rates where possible.

Changing Operations.—In the event a piece worker is required to change his mode of operation so that it causes him to lose time in learning, his case may be brought to the Rate Committee for its disposition.

Section IV.—Preference

The Preferential Shop.—It is agreed that the principle of the preferential shop shall prevail, to be applied in the following manner:

Preference shall be applied in hiring and discharge. Whenever the employer needs additional workers, he shall first make application to the union, specifying the number and kind of workers needed. The union shall be given a reasonable time to supply the specified help, and if it is unable, or for any reason fails to furnish the required people, the employer shall be at liberty to secure them in the open market as best he can.

In like manner, the principle of preference shall be applied in case of discharge. Should it at any time become necessary to reduce the force in conformity with the provisions of this agreement the first ones to be dismissed shall be those who are not members of the union in good and regular standing.

Discipline of Union Members.—The Trade Board and Board of Arbitration are authorized to hear complaints from the union concerning the discipline of its members and to take any action necessary to conserve the interests of the agreement. The members referred to herein are those who have joined, or who may hereafter join, the Amalgamated Clothing Workers of America.

Preference in Transfers.—If it becomes necessary to transfer workers from one shop to another, the non-union workers shall be the first to be transferred, unless at request of the foreman, union workers are willing to go.

Or if it becomes necessary in the judgment of the company to transfer a worker from a lower to a higher paid section or operation, it is agreed that union workers shall have preference in such transfers. Provided, that nothing herein shall be construed to be in conflict with the provision relating to transfer for discipline, and provided that they are qualified to perform the work required and that their departure from their section does not work to the disadvantage of that section.

Overcrowding of Sections.—Overcrowding of sections is important in this agreement as the point at which the provision for preference becomes operative. It is agreed that when there are too many workers in a section to permit of reasonably steady employment, a complaint may be lodged by the union, and if proved, the non-union members of the section, or as many of them as may be required to give the needed relief, shall be dismissed. For the purpose of judging the application of preference the Trade Board shall take into consideration the actual employment condition in the section, as to whether there are more people employed at the time of complaint than are needed to do the work, and whether they, or any of them, can be spared without substantial injury to the company. If it is found that the section can be reduced without substantial injury, the Trade Board shall enforce the principle of preference as contemplated in the agreement.

Avoidance of Injury.—Among the things to be considered in the enforcement of preference are the needs of maintaining an adequate balance of sections, of the requirements of the busy season, of the difficulty of hiring substitutes, and the risk of impairing the efficiency of the organization. The claims for enforcement of preference and for avoidance of injury to the manufacturing organization are to be weighed by the Trade Board, and the interests of both claims safeguarded as far as possible, the intention being to enforce preference so far as it can be done without inflicting substantial injury on the company.

Preference of Seniority.—If in order to properly balance sections, a reduction of force be required greater than can be secured by the laying off of a non-union worker as provided for herein, then there may be laid off those who are members of the union in the order of their seniority who have been in the employ of the company for a period of six months or less, provided that any exceptionally efficient worker, or any especially valuable member of the union, may be exempted from the rule of seniority. Provided, also, the company shall give notice to the chief deputy of its intention to discharge under this clause, and if he fails to agree the matter shall be referred to the Trade Board.

Section V.—Working Conditions

Discipline.—The full power of discharge and discipline remains with the company and its agents; but it is understood that this power should be exercised with justice and with due regard to the reasonable rights of the employee, and, if an employee feels that he has been unjustly discharged, he may have appeal to the Trade Board, which shall have the power to review the case.

Every person suspended shall receive a written notice, directing him to appear at the office of the company for a decision. Every suspension notice properly presented to the discipline officer of the company was be disposed of within six working hours from the time of its presentation and a definite decision announced to the suspended person.

Stoppages.—In case of a stoppage of work in any shop or shops, a deputy from each side shall immediately repair to the shop or shops in question.

If such stoppage shall occur because the person in charge of the shop shall have refused to allow the people to continue work, he shall be ordered to immediately give work to the people, or in case the employees have stopped work, the deputies shall order the people to immediately return to work, and in case they fail to return to work within an hour from such time such people shall be considered as having left the employ of the corporation, and shall not be entitled to the benefit of these rules.

Detention in Shop.—Workers shall not be detained in the shops when there is insufficient work for them. The company or its agent shall exercise due foresight in calculating the work available, and as far as practicable shall call only enough workers into the factory to do the work at sight. And if a greater number report for work than there is work for, those in excess of the number required shall be promptly notified and permitted to leave the shop. The work on hand shall be divided as equally as may be between the remaining workers.

Complaint Slips.—Before or at the time of entering any complaint against any employee in the complaint book said employee shall be notified thereof so he may have the opportunity of notifying a deputy of the Board and have said complaint investigated.

Lay-Offs.—Workers who are dismissed may be given lay-off memoranda allowing them to return to their shops or factories, trimming or cutting rooms, when there is need for their services. Provided, this clause shall not be construed to give such worker precedence over union members, or to interfere in any way with the provision for preference in hiring.

Transfer of Employees.—The company has the right to transfer employees for purposes of administration or discipline, subject to review by the Trade Board. If the Board finds that any transfer is being made to lower wages, or for any discrimination or improper purpose, or if injustice is being done the worker by the transfer, the Board may adjust the complaint.

Section VI.—General Provisions

Lay Off of Workers.—No union member who is a permanent worker shall be laid off in the tailor shops except for cause, whether in the slack or busy season, except as provided herein. Cause for temporary lay off may be alternation of working periods in slack times, reorganization or reduction of sections, lawful discipline, and such other causes as may be provided for herein or directed by the Trade Board.

Co-operation to Abolish Waiting.—The company and the deputies have agreed to co-operate to abolish all unnecessary waiting in the shops.

Division of Work.—During the slack season the work shall be divided as near as is practicable among all hands.

Abandonment of Position.—Whenever any employee shall have absented himself from his accustomed place without giving an acceptable reason to the foreman or other officers in charge of his work before the end of the second business day of his absence, the employer may consider his position forfeited. Notice of absence and reason therefor must be given to foreman by messenger, mail or telephone.

Abolishment of Section.—When sections are abolished, the company and its agents shall use every effort to give the displaced workers employment as much as possible like the work from which they were displaced, within a reasonable time.

Sickness.—Any workers who are absent on account of sickness shall be reinstated in their former positions if they return within a reasonable time.

Trade Board Members.—Complaints against members of the Trade Board as workmen are to be made by the foremen to the Trade Board. Any action of any employee as a member of the Trade Board shall not be considered inimical to his employment with the corporation. No member of a Trade Board shall sit on a case in which he is interested, or to which he is a party.

Union Membership.—The provisions for preference made herein require that the door of the union be kept open for the reception of non-union workers. Initiation fee and dues must be maintained at a reasonable rate, and any applicant must be admitted who is not an offender against the union and who is eligible for membership under its rules. Provided, that if any rules be passed that impose an unreasonable hardship, or that operate to bar desirable persons, the matter may be brought before the Trade Board or Board of Arbitration for such remedy as it may deem advisable.

The Old Agreement.—The provisions of the old agreement and the decisions based thereon shall be regarded as being in force except as they may be modified by, or are not in conflict with the provisions of the present agreement.

Section VII.—Loyalty to the Agreement

Experience suggests that there are certain points of strain which it would be wise to recognize in advance and to safeguard as far as possible. Among the points to be safeguarded are the following:

1. When dissatisfaction arises over change of price or working conditions. It is believed that the agreement provides a remedy for every such grievance that can arise, and all complaints are urged and expected to present their cases to the proper officials and await an adjustment. If any one refuses to do this, and, instead, takes the law in his own hands by inciting a stoppage or otherwise foments dissatisfaction or rebellion, he shall, if convicted, be adjudged guilty of disloyalty to the agreement and be subject to discipline by the Trade Board.

2. Strain may arise because of unsatisfactory personal relations between workers and officials. The company's officials are subject to the law, as are the workers, and equally responsible for loyalty in word and deed, and are subject to discipline if found guilty of violation. Any complaints against them must be made and adjudicated in the regular manner. They are to respect the workers and be respected by them in their positions, and supported in the proper discharge of their duties. Any one indulging in improper language or conduct calculated to injure them or to break down their authority in the shop shall be adjudged guilty of disloyalty and disciplined accordingly.

3. Officials of the union are equally under the protection of the agreement when in the exercise of their duties as are the officials of the company, and any words or acts tending to discredit them or the union which they represent, or which are calculated to injure the influence or standing of the union or its representatives shall be considered as disloyalty to the agreement and the offender shall be subject to discipline by the Trade Board.

Provided, however, that no reasonable criticism or expression of disagreement expressed in proper language shall be deemed a violation within the meaning of this section.

4. If any worker shall wilfully violate the spirit of the agreement by intentional opposition to its fundamental purposes and especially if he carry such wilful violation into action by striking and inciting others to strike or stop work during working hours, he shall, if charge is proven, be subject to suspension, discharge or fine. Provided, that if a fine is imposed its amount shall be determined by the chairman of the Trade Board and shall not be less than $1 or more than $5 for each offense.

5. If any foreman, superintendent or agent of the company shall wilfully violate the spirit of this agreement and especially if he fails to observe and carry out any decision of the Trade Board or Board of Arbitration, he shall, if charge is proven, be subject to a fine of not less than $10 or more than $1 for each offense, at the discretion of the chairman of the Trade Board.

Section VIII

[*Gives Regulations Governing Individual Departments.*]

Signatures to this Agreement

FOR THE BOARD OF ARBITRATION

J. E. Williams, *Chairman*

W. O. Thompson, for the A. C. W. A. Carl Meyer, for H. S. & M.

FOR THE TRADE BOARD

James Mullenbach, *Chairman*

FOR HART SCHAFFNER & MARX

Harry Hart, *President* — Joseph Schaffner, *Secretary*
Max Hart, *Vice-President* — Mark W. Cresap, *Vice-President*
Earl Dean Howard — Milton A. Strauss — Gilbert L. Campbell
A. M. Levy — Samuel Browne

FOR THE AMALGAMATED CLOTHING WORKERS OF AMERICA

Sidney Hillman, *President* — A. D. Marimpietri, *President Joint Board*
Samuel Levin, *Deputy Local 39*
Harry Wolchnovesky, *Vice-President Local 61*
Morris Spitzer, *President Local 144*
Nathan Garbut, *Recording Secretary Local 152*
John Katilius, *Deputy Local 269*
Edward Anderson, *Deputy Local 61*
Joseph Glickman, *Deputy Local 152*
Vincent Pachkauskas, *President Local 269*

Frank Rosenbloom	Louis Taback
Sam Rissman	Hyman Isovitz
Robert Cunat	Frank Petrick
Sam Diamond	Joe Kaminsky

HICKEY-FREEMAN COMPANY, *Rochester, N. Y.*

"We have in our organization a 'Quality Club,' which is composed of heads of departments, members of the club by virtue of their position, and elected representatives from the employees, approximately one for every twenty-five people, divided up according to operations.

"This club meets once a month with a supper, for which the firm pays. Reports are submitted by various committees on matters relating to business, such as Traffic, Quality, Efficiency, Service to Customers, etc. Under the Activities Committee we endeavor to have all the social welfare features.

"The elected members are put on these committees to give them a chance to become acquainted with conditions and to have a voice in improving and perfecting them.

"The first year of elected representatives they organized themselves into a committee with one of their number selected as 'spokesman,' who was expected to voice any suggestion that any of the representatives might want to make but would fail to because of timidity.

"This last year there has been no such regular organization of the representatives, possibly because they have been waiting for someone to call them together. There has been an opportunity for them to make suggestions at meetings and some very good points have been brought up. This has not been done as freely as the firm would welcome it nor have they acted as reporters to their elective sections as carefully as possible, but on the whole the results have seemed satisfactory and we anticipate that after the necessary time to get the thought in the minds of the people of what possibilities there are in the committee they will accept greater responsibilities.

"At first this representation was one for every fifty members elected at large from the shops. About one year ago this was changed to have the representation according to the operations."

HYDRAULIC PRESSED STEEL COMPANY, Cleveland, Ohio.

"Briefly, the purpose of our plan for shop committees is to be sure of 'tying in' welfare and similar operations to production.

"To do this we are creating what we call a small or executive committee on welfare or personnel. This consists of such officers as the employment manager, the welfare manager, the director of the restaurant, the safety-first man, etc., and then asking the foremen to elect an equal number of their own group to complete the committee. This group meets each week to discuss ways of joining up the different activities so as to bear directly on the production problem, and so gain a basis of effectiveness and permanency. It is expected that one of this committee will sit in on the committee composed of the factory executives in constant touch with all the operating activities of the plant.

"Once a month this small committee then meets in joint session with a shop or large committee on welfare or personnel. This second committee is composed of persons either elected directly by the men in the various departments, or, as in our Canton Plant, chosen by the directors of the Relief Society, who have in turn been elected by the plant force. No foreman is eligible to membership on this large committee.

"This plan is in operation in two of our three plants and is expected to be in the third shortly. At Canton it has produced such results as modifications in the system of laying off which have been greatly to the convenience of workers; the extension of the street railway line clear to the plant; the inauguration of a store and lunch room; and the making of almost numberless improvements which, in line with the purpose of the committee, 'represent the meeting point of the interests of the men and the interests of the company.'"—*Sept. 24, 1918.*

IRVING-PITT MANUFACTURING COMPANY, Kansas City.

"The Joint Shop Committee of the Irving-Pitt Manufacturing Company is known as the Board of Appeals. It is made up of two representatives from each department, one elected freely by the men, the other chosen by the officials of the company. This committee is given to understand by the management that they are to act freely and without prejudice on the part of the company for any argument which may be made by an individual member of the Board or for any decision made by the Board. Its function is to decide any question of controversy between the management and any employee which may develop, touching the question of wages, hours and conditions of labor. The company adopts the policy of accepting these decisions without argument and makes no attempt whatever to influence the decisions of the Board.

"The company's interests are represented on the Board of Appeals by the presence of the Superintendent, Chief Inspector, and Chief Planner. These three representatives constitute the executive force of the factory. They are present only to supply the Board with such information as may be possessed by the company touching any question under investigation. They have no right to hold office on the Board and are advised not to participate in arguments. The Board is left free to frame its own by-laws and elect its own officers. There are union and non-union men employed in the factory, and union and non-union members of the Board of Appeals.

"Wages are adjusted by the foremen and are only considered by the Board of Appeals in the event of a disagreement. Foremen are not represented on the Board and are not present at its meetings unless called in by the Board to supply information. Employees unjustly discharged may be reinstated by the Board of Appeals over the protest of the foreman.

"The Board of Appeals has been in existence about fifteen months with complete satisfaction on the part of both the company and the employees. Its decisions are regarded by the company as being invariably fair. The employees have invariably accepted the decisions of the Board without protest. Since the establishment of the Board of Appeals labor troubles have been unknown in the plant. A spirit of hearty co-operation has been established and is preserved to the entire satisfaction of both the company and its employees."

JEFFREY MANUFACTURING COMPANY, Columbus, Ohio.

"We have had for a great many years a large number of committees on our various shop activities. The committees have and are taking part in the conduct of our rate work, tool design work, machine arrangement, working conditions, mutual aid, co-operative stores, Building and Loan Association, bake-shop, restaurant, employees paper and a number of other activities. We have found that these committees are really important factors in harmonizing the work of our institution."

THE JOSEPH & FEISS CO., Clothcraft Shops, Cleveland, Ohio.

"We have a shop advisory council, the representatives of which are elected by the different divisions in the plant. I can say on the whole that the work of the council has resulted in an improvement of relationship between the management and the workers. This relationship has for a long time been exceptionally good in this plant and there was no demand for the council or any other representative body, as there are direct formal and informal methods thoroughly developed for the purpose of taking up all possible matters between management and men and in every way stimulating the mutual good relationship. No matter how important a part the management plays in the scheme of things of the organization, every means of improving the relationship and of making permanent the relationship between the management and men should be developed.

"It was the management, therefore, that instituted the employees' council and it was some time before any active interest was shown. This interest today is probably much less than where the council is the main means of contact or means of expression of the workers to the management. It, however, has found a distinct place for itself and to our minds forms a safeguard for the worker, inasmuch as if the present satisfactory relationship were interrupted by any act of the management, a working council would be the natural means for voicing objections and protection of interests.

"It also has helped the management in getting across certain important things to the working body which otherwise would probably not have been so thoroughly understood; consequently not so unanimously supported.

"The province of the council is to propose or review any condition or act of the management that relates to the general welfare. Its action is not final on most matters except with the approval of the management. The management on the other hand undertakes to establish nothing relating to the general welfare without the approval of the council. The council may go into the methods of establishing wages, but the actual wages are not in its sphere, unless, on the other hand, the entire principle of our base wage would come into question throughout the plant."

Personal Opinion.—"I feel the above to be the functions of an employees' committee. I do not, however, feel that an employees' committee can take an

active part in the 'management' in the sense that it is often meant. I do not feel that it is consistent with organization to have authority where there is no responsibility. The management in this organization, I believe, is somewhat different than elsewhere. A great many of the so-called shop committees are presumed to have a certain amount of authority. Upon close scrutiny it is generally found that this is mostly bunk. We have always felt it important that there should be no bunk handed employees and under no circumstances should they be worked under false pretenses. Consequently out of a sense of sincerity to each other we have tried to lay down pretty definite limitations for our council. The council is, first and foremost, as stated above, an additional means of expression of opinion, suggestion and protest, as the occasion may be, from the workers to the management and the management to the workers. In this way it fills a place as an educational purpose and has on occasion developed more than one worker who owes his advancement from the ranks to the leadership displayed as a council member.

In conclusion I would say that I feel that the council in this plant is by no means developed to the full extent of its possibilities. This is a question, however, always, of time."—*Mr. Richard A. Feiss, General Manager.*

THE LEEDS & NORTHRUP COMPANY, Electrical Measuring Instruments, Philadelphia, Pa.

"We have such a committee which we call the Leeds & Northrup Co-operative Society. It is in its functions modelled more nearly on that of the Filene Company than any other of which I know. Its method of election is rather different from any other that I know. The very rapid expansion of our business due to the war made it apparent to us something like a year ago that the old spirit of mutual understanding and co-operation between the management and the employees was largely disappearing. Due to the large number of new employees, we felt that it would be very desirable to organize the older employees and work out some plan by which they could be more effective in co-operating with the management and making the old spirit, the passing of which they as well as the management regretted, permeate the mass of new employees.

"In order that our shop committee might really be representative, we discussed the matter first with a group of about fifteen foremen, etc., and then called together a group of about sixty of our employees who had been with us four years or more continuously. Plans for such an organization were discussed through two or three meetings, committees on election, constitution, etc., were appointed and resulted in the formation of the Society. The business is divided into seven sections, each one of which has one or more representatives in the council, according to the number of employees in it: one to fifty-nine employees, one representative; sixty to ninety employees, two representatives; ninety to one hundred and thirty-nine employees, three representatives. In addition there is one representative at large for each seventy-five employees.

"We have at the present time some four hundred and thirty employees, and there are fifteen councillors.

"This plan has been in existence a short time only, the preliminary meetings being held in May of this year. All questions that might be occasions of dispute between the management and the employees that have come up since have been submitted to the council and settled satisfactorily. They were not serious questions, however.

"We believe that the council is in good measure fulfilling the objects of its appointment, and that it will occupy a more and more important place in our

organization. It is anticipated that it will take up quite a range of problems connected with employees' interests and activities, in addition to those which have to do with the relationship between the employees and the management."

Personal Opinion.—"I am personally a thorough believer in such committees, but I think it will be very easy to make the mistake of expecting too much of them. It is not reasonable to suppose that a group of people, elected to a committee, often chiefly because of their popularity, will have the wisdom and experience to settle wisely the many troublesome problems that will naturally come before them. It is probable that both time and patience will be necessary before such committees reach anything like their maximum of effectiveness. On the other hand, there seem to be immediate advantages in the spirit of co-operation which the formation of the committee very much enhances, and, in addition, men and women develop in the committee unexpected capabilities for leadership, etc."—Letter from Mr. Leeds, October 10, 1918.

MIDVALE STEEL AND ORDNANCE COMPANY, CAMBRIA STEEL COMPANY and SUBSIDIARY COMPANIES

PLAN OF REPRESENTATION OF EMPLOYEES

Effective October 1, 1918.

History

For some time past, the officers of these companies have had under consideration, the establishing of some method which would provide a practicable means of communication and conference with the employees collectively.

At a meeting of the Board of Directors, held September 19, 1918, it was decided to take immediate action, and the president was authorized to post a notice at the Johnstown, Coatesville and Nicetown Works, reading as follows:

"The Board of Directors and Officers of Midvale Steel and Ordnance Company, Cambria Steel Company and Subsidiary Companies, recognizing the fact that the prosperity of their companies is inseparably bound up with the general welfare of their employees, propose, with the co-operation and assent of their employees, and for their mutual interests, to establish a plan for representation of employees, which will hereafter govern all relations between the companies and their employees.

"The past history of these companies has been remarkably free from serious disputes with their wage-earners, due, it is sincerely believed, to the fair dealing which it has always been the aim of the management to maintain in all matters affecting the relation of the companies to their employees.

"We recognize the right of wage-earners to bargain collectively with their employers, and we hereby invite all employees to meet with the officers of their respective companies for the purpose of considering, and if practicable, adopting, a plan of representation by the employees, which shall be thoroughly democratic and entirely free from interference by the companies, or any official or agent thereof.

"It is hoped that every employee will respond to this invitation, and meet with the officers of the company in the spirit of fair dealing and mutual helpfulness.

"For the mutual convenience of officers and employees, these meetings are called as per schedule attached hereto."—A. C. Dinkey, *President.*

This notice was posted, and in accordance with its terms, the employees met for convenience in their various departments and elected the following representatives:

(Here follows a list of over 100 delegates.)

The above mentioned representatives, in turn, elected from among their number the following committee to come to Philadelphia to confer with the officers of the company:

From Johnstown:

NAME	POSITION
Koontz, John E.	Roll Turner
Bingham, Robert	Roller—24" Gautier
Rhode, Henry	Brick Mason Foreman
Edwards, E. W.	Structural and Steel Car Dept.
Woy, Edward E.	Transportation Department

From Nicetown:

Boyne, Raymond	Crane Operator
Martin, George	Mechanical Department
Souders, Clifford S.	Foreman No. 4, Machine Shop
Cooke, Thomas	Open Hearth Foreman
Faas, Francis X.	Foreman, Chipping Department

From Coatesville:

George, Frederick S.	Foreman and Screwman Plate Mill Department, V. W.
Lillico, Geo. E.	Pit Foreman—No. 2, Open Hearth Department, Brandywine Works.
Rhoades, W. H.	Foreman No. 3, Plate Mill, Brandywine Works.

The above committee met with Wm. B. Dickson, vice-president; E. E. Slick, vice-president; John C. Ogden, general superintendent, Johnstown Works; H. D. Booth, general superintendent, Nicetown Works; H. A. Whitaker, general superintendent, Coatesville Works; in the Widener Building, Philadelphia, and continued in conference Wednesday and Thursday, September 25 and 26, 1918.

For the purpose of facilitating the work of the conference, Mr. Dickson presented for the consideration of the employees' representatives, a tentative draft of a proposed plan for the purpose of establishing a representative system, which will provide a regular means of communication and conference between the officials and the employees of these companies.*

"This draft was submitted, item by item, to the votes of the employees' representatives, and, as finally amended by them, on motion duly made and seconded, was adopted. . . ."

The plan as approved by the above committee, was ratified by the plant representatives. . . .

Midvale Steel and Ordnance Company; Cambria Steel Company.—In order to establish a representative system which will provide a regular means of communication and conference between the officials and the employees of these companies, the following plan is hereby adopted:

* In presenting this tentative draft, Mr. Dickson made it plain to the representatives that this was done not with any purpose of unduly influencing their action, but only to give some basis on which to proceed with the work in hand. As a matter of fact, the draft was amended in several important respects before final adoption.

(1) For the convenient administration of this plan, each plant shall be divided into as many divisions as may be decided upon by the division representatives of each plant, on the basis of one (1) representative for each three hundred (300) men. If any division shall have one hundred and fifty (150) men in excess of three hundred (300) (or multiple of three hundred) it shall be entitled to a representative for such fraction. In case the fraction is less than one hundred and fifty (150), it shall not be counted unless merged with a similar fraction from another division.

The above representation shall be based on the average number of employees of each division, as shown on the books of the company for the three months, October, November and December, preceding the election.

For the purpose of determining the proper representation of each division, the Plant Conference Committee hereinafter constituted, shall have access to the records of the Time Offices of the plant.

(2) *Annual Election of Employees' Representatives.*—Employees in each division shall elect annually from among their number, representatives as set forth in Clause 1 to act on their behalf in all matters pertaining to conditions of employment, the adjustment of differences, and all other matters affecting the relation of the employees to the company.

(3) *Annual Election of Representatives.*—The annual election of representatives shall be held on the second Monday of January of each year, and the nomination of representatives shall be held at least two (2) days preceding the election. The meetings for the nomination and election shall be called by direction of the Plant Conference Committee hereinafter constituted. Notices of the nomination and election, indicating the number of representatives to be elected in each division, shall be publicly posted in each subdivision of the works a week in advance of such meetings, and shall state that all employees are entitled to vote, with the exception of salaried foremen and superintendents. Special elections shall be similarly called, when for any reason a vacancy occurs in the representation of any division.

(4) *Nomination and Election of Representatives.*—To insure absolute freedom of choice, both nomination and election shall be by secret ballot, under conditions insuring an impartial count. The company shall, if requested, provide ballot boxes. It shall also, if requested, provide blank ballots for purposes of nomination, and also ballots, differing in form or color, for purposes of election. Each employee entitled to vote, shall be given a nomination blank by the election officers, on which he shall write the names of the fellow employees in his division whom he desires to nominate as representatives, and will himself deposit the nomination blank in the ballot box. Each employee may nominate representatives to the number to which the division is entitled, in accordance with public notice. Employees unable to write, may ask any of their fellow employees to write for them on their ballots, names of the persons whom they desire to nominate.

In the event of any nomination paper containing more than the number of representatives to which the division is entitled, the ballot shall be void. Persons to the number of twice as many representatives as the division is entitled to receiving the highest number of nomination votes, shall be regarded as the duly nominated candidates for employees' representatives, and shall be voted upon as hereinafter provided. For example, if the division is entitled to two (2)

representatives, the four (4) persons receiving the largest number of nomination votes shall be regarded as the duly nominated candidates. If the division is entitled to three (3) representatives, then the six (6) persons receiving the largest number, etc.

(5) *Nomination and Election of Representatives.*—For the purpose of inaugurating this plan, the division representatives elected at the various plants on Monday, September 23, 1918, shall hold office until their successors are elected on the second Monday of January, 1919. All nominations and elections thereafter shall be under the supervision of an Election Committee of three (3) for each division, to be selected by the Plant Conference Committee hereinafter constituted.

The Election Committee shall count the nominating ballots, make a list showing the number of votes cast for each person, and post notices, signed by each member of the Committee, at suitable places in the division, giving the number of votes cast for each person and announcing the names of the nominees, as provided in Clause Four (4). These notices shall be posted at least forty-eight (48) hours in advance of the election. On the date designated, the election of representatives shall be held by secret ballot, from among the number of candidates nominated.

The election ballots shall be counted by the Division Election Committee, and lists in triplicate showing the number of votes cast for each person shall be prepared by the Division Election Committee and signed by each member thereof, one of which lists shall be posted is a conspicuous place in the division, one forwarded to the General Superintendent as evidence that the persons elected are duly accredited, and one list retained by the committee. The persons showing by such certified lists to have been elected as provided in Clause Four (4), shall be the representatives of the division for the ensuing year, or until their successors are elected.

(6) The Division Election Committee shall seal and hold in safe custody for a period of ten days, the ballot boxes containing both the nomination and the election ballots. In case of an appeal signed by not less than two-thirds of the voters of any division, within this ten-day period, questioning the validity of the count, the Division Election Committee shall deliver the sealed ballot boxes to the Plant Conference Committee, hreinafter constituted. This Committee shall count and certify by signed lists in the same manner as provided in Clause Five (5), and there shall be no further appeal from their decision. If, in the judgment of the Plant Conference Committee, the irregularities are such as to demand a new election, they are authorized to arrange for such election.

(7) As a certain interval of time is required to enable a man to become acquainted with the conditions surrounding the work in any department, so that he can intelligently represent his fellow workmen, all persons elected as Division Representatives shall have been in the employment of the company for at least one year in the aggregate; provided, however, that the Division Representatives of each plant, if they so elect, may provide for a longer term of service in order to qualify a man for the position of representative.

(8) In case a petition is signed by not less than two-thirds of the employees of any division, stating that any elected representative of that division has ceased to be satisfactory to them, a re-election for the position occupied by such representative, shall be held similar to that which would be held in the case of a vacancy.

(9) When any elected representative ceases to be an employee of the company, his position as representative shall become vacant, and his successor shall be elected as provided in Part I, Clause Three (3).

Part II—Administration

(1) Within a week from the date on which the Division Election Committee announce the names of the elected Division Representatives, all of these representatives shall meet and elect from among their number, a Plant Conference Committee, consisting of one representative for each three thousand (3,000) employees at the plant; with the proviso that, if, at any plant, the number of employees in excess of three thousand (3,000) (or any multiple thereof), is fifteen hundred (1,500), there shall be a representative elected for this fraction; and if the fraction is less than fifteen hundred (1,500), it shall not be counted; with the further proviso, that no two members of the Plant Conference Committee shall be selected from the same department of the plant.

(2) Any employee having any grievance, or any matter on which he desires to have a decision, shall first present the subject to his immediate foreman or superintendent, in person or through his Division Representatives. If unable to secure a satisfactory adjustment, the aggrieved person, through his Division Representatives, shall present the matter in writing for consideration to the Plant Conference Committee mentioned in Clause One (1). If, in the judgment of this Committee, the grievance is a just one, they shall present the matter in writing to the General Superintendent of the works, who shall then confer with the Plant Conference Committee, with the view of reaching a satisfactory settlement. The General Superintendent shall have the privilege, if he so desires, of calling into this conference, all of the Division Representatives.

(3) If the General Superintendent or his representative, and a majority of the Plant Conference Committee (or a majority of the Division Representatives in case they are called into the conference), are unable to agree upon any question at issue, the matter shall be referred to a committee consisting of the General Superintendents of all of the plants of the company and all of the members of the Plant Conference Committees of all plants of the company. This combination of Plant Conference Committees together with the General Superintendents shall be known as the General Committee. On all propositions submitted to a vote by the General Committee, the General Superintendents shall jointly cast one vote for the company and the representatives of the employees shall jointly cast one vote for the employees. The president and other executive officers of the company shall have the privilege of appearing before the General Committee. If this committee is unable to reach an agreement, the matter shall be referred to arbitration.

(4) One person shall be elected as arbitrator if the parties can agree upon his election; otherwise, there shall be a board of three arbitrators, one member to be selected by the president of the company or his representative, one member to be selected by the employee members of the General Committee; these two members, if unable to agree, to select a third arbitrator. The decision of the arbitrator or arbitrators in any matter submitted to him or them, shall be final and binding upon both the company and the employees.

Part III—Rules Governing the Employment and Discharge of Workmen

(1) The right of the company to hire and suspend or discharge men shall not be limited, except as expressly provided herein.

(2) Any employee, guilty of any of the following offenses, shall be subject to immediate discharge without notice:

(*a*) Disloyalty to the United States Government by act, or utterance.
(*b*) Any offense against the criminal law of the State.
(*c*) Assault upon, or attempt to injure, another person.
(*d*) Wanton destruction of property.
(*e*) Refusal to obey a reasonable order of his superior officer.
(*f*) Intoxication while on duty.

(3) For offenses of a less serious character, such as:

Carelessness,
Failure to report for duty regularly and at the proper time,
Inefficiency, etc.,

it shall be the duty of the officers to secure efficiency by giving the offender at least one caution, which, if not heeded, may be followed by dismissal without further notice.

(4) Any employee discharged for cause, may demand that such cause be clearly stated to him, and shall have the right of appeal to the General Superintendent, either in person or through his elected representative.

Part IV—General

(1) No employee shall be compelled to purchase any articles, or service, from the company nor to subscribe to any fund, except such beneficial associations as are already established or may hereafter, with the consent of the employees, be created. This shall not affect the duty of the employees to account for tools or other supplies owned by the company and entrusted to their care.

(2) Nothing in the foregoing shall prohibit the company from giving employees an opportunity to subscribe for the stock of the company, Liberty Loans, Thrift Stamps, etc., providing all such subscriptions are entirely voluntary on the part of the employed.

(3) Nothing herein shall affect the right of the company to suspend work in any department because of lack of orders or for any other legitimate business reason. This may be done without notice, but it shall be the duty of the officers to give as much advance notice as practicable.

(4) If any elected representative is appointed as a salaried foreman or superintendent, his position as representative shall thereby become vacant, and his successor shall be elected as provided in Part I, Clause Three (3).

Once every three months, at times and places mutually agreed upon by the president of the company and the Conference Committee of the plants, there shall be a combined meeting of all elected representatives with the officials of the company for the purpose of discussing all matters of general interest to both parties.

MOBILE SHIPBUILDING COMPANY, Mobile, Ala.

Undoubtedly, the big problem confronting us all is *Labor*. In our yard we have adopted the method of handling labor as outlined by the Shipbuilding Labor Adjustment Board in their award of April for this district, but we have elaborated somewhat upon it, and, as a result, our yard has been entirely free from labor troubles.

It was a rather difficult matter to get the system worked out at first, but now that it is working smoothly, the writer assures you that it has proven its worth. We handle our labor situation in the following manner:

I. Craft Committees—Direct Labor

Craft Committees.—We employ at present eleven different crafts on direct labor. Each of these crafts held a mass meeting early last May and elected three members to represent their craft, as a craft or shop committee. We selected our Employment Manager, Mr. J. E. Taylor, to act as our direct representative with the craft committees.

The committees selected by the employees to represent the respective crafts were required to officially notify our Employment Manager that they were duly elected by the majority of the employees of the yard, who were members of that particular craft. Copies of these official notices were made and posted on various bulletin boards throughout the yard, addressed to the employees of the yard, requesting them to notify us of any irregularity in the election, if so suggested, and if not, the shop committee so posted would be recognized as the official craft committee.

*"Joint" Shop Committee.**—The chairmen of the eleven craft committees constitute the Joint Shop Committee. The Joint Shop Committee then selected from their number a chairman and officially notified our Employment Manager of the selection and he in turn acknowledged receipt of the notification and in this manner we arrived at a formal organization of the Joint Shop Committee, which governs the labor problems of our yard.

Committee Room.—We built an addition to our Employment Office, which is known as the Joint and Craft Committee Room. This room is properly furnished to accommodate fifteen people and is equipped with standard files for each craft committee and one file for the Joint Shop Committee. At its first session, the Joint Committee unanimously elected our employment manager's stenographer as secretary of the Joint Shop Committee.

The grievances of the Craft Shop Committees, when we first started this program, were numerous, but were usually settled by the foremen or superintendent in charge of the particular craft. It has developed now to the point where we very seldom have a direct grievance from the craft committee, as practically all of the problems are handled by the Joint Committee.

Our Joint Committee has a regular meeting every Tuesday at 1.00 P. M., and the session convenes until all matters requiring attention are settled. It is not unusual to have the session of the Joint Committee adjourn within an hour after it convenes, where the Joint Committee was formerly in session from one half to one and one-half days. The minutes of the Joint Committee are taken by a stenographer, transcribed and officially approved by the chairman and secretary of the committee. Copies of these minutes are given to chairmen of the various craft committees representing the crafts and to our employment manager, general superintendent, and to the writer.

The Joint Committee convenes weekly whether or not they have any cases to consider, and at that regular meeting, aside from our employment manager, our general superintendent makes it a point to be present and very often the writer is also invited to attend.

* Note:—"Joint" in that it includes all crafts. Does not include representations of management.

When a grievance by our Craft Committee is submitted to the superintendent and denied by him, the Craft Committee, of course, has the right to appeal to the Joint Shop Committee and it is not at all unusual to find the Joint Committee over-ruling the Craft Committee and sustaining the management.

Our Employment Manager and our Joint Shop Committee have recently organized the Moshico War Savings Committee. Last week our total pay roll was $35,000 for direct labor and the sale of War Stamps was nearly $3,700.

In the election of candidates for the Training Center, operated under the Industrial Service Section[1], we permitted the committeemen of the Joint Committee to offer suggestions as to the candidates from the various crafts that should be given an opportunity to be in the Training Center. Please do not understand that we allowed the Joint Shop Committee to make the selections for the Training School, but we simply acted on their suggestions, if the merits of the candidates warranted it.

The above in a general way presents the manner in which we handle our labor situation so far as it affects direct labor.

II. Outside Department—Indirect Labor

Foremen's Association.—We have formed what is known as the Moshico Foremen's Association and, as its name signifies, represents all foremen employed by our company. To become eligible for membership in this association, candidates must be classified on our books as foremen or leading men in the yard. The By-Laws Committee have ruled that our General Superintendent and all assistant superintendents and foremen below him are eligible for active membership. The same committee have ruled that all the officials of the company, from the President to the General Superintendent, are eligible for honorary membership. The Moshico Foremen's Association have at present sixty-three (63) members. A bi-weekly dinner is given every other Monday night. The business sessions convene immediately after the dinner and last for two or three hours. Foremen's meetings are also held in the yard at least twice a week, where views are exchanged. We find that the bi-weekly dinner is a great factor in promoting harmony and good feeling among the various foremen.—Letter from Mr. Frank McLaughlin, *General Manager.*

THE NORTHFIELD COMPANY, Sheboygan, Wis.

"In our shop we have a committee who look after safety devices and health conditions only, and the results have been very satisfactory.

"The wage question so far has not been taken up by any committee except where it refers to the dividends which we pay to our men. We installed a dividend plan two years ago which entitles each employee who has been with us six months or longer to a percentage on their year's wages, depending on the length of service, which we pay to them in twelve monthly installments; the total amount to be distributed has so far been decided by the management, but the percentage paid to the different individuals is passed on by this committee.

"We favor the co-operative plan between employer and employees and we try to carry it out as far as possible under existing conditions. We employ only 140 men and the writer is personally acquainted with every employee in our service, which gives him a great deal of information regarding conditions."

[1] Of the Industrial Relations Division, Emergency Fleet Corporation.

THE PACKARD PIANO COMPANY, Fort Wayne, Ind.

"We adopted this policy (an 'Industrial Democracy' plan) in the fall of 1913, with the result that today we are doing more work and better work on an eight-hour schedule with 100 less men than we did before the installation of this policy on a ten-hour schedule. Former force 270, now 170."—Letter from Mr. A. S. Bond, *President,* September 13, 1918.

"The principles embodied in the policy which forms the foundation of this system are fundamental in business of all kinds and especially is this true in the relation of the employer and employee. This being true it is necessary to evolve ways and means to keep them constantly before the minds of both employer and employee, making them a living power in the lives of both.

"We have been working under this policy now for five years and would not know how to get along without it. We consider it the most valuable thing we have and while it may seem visionary, we look upon it from an actual try-out of five years, as not only practical, but of all things we know of, properly handled, it is the most practical way of conducting business and handling men." —Letter of October 26, 1918.

The system installed by this company is similar to that in operation in the factory of William Demuth & Co., Richmond Hill, New York.

PENBERTHY INJECTOR COMPANY, Detroit, Mich.

"We have never had any plan in operation which gave the employees or representatives of the employees a vote or say as to the policies of this company in relation to the shop. Any wage differences or other grievances are usually settled by the foreman, and if he is not able to effect a satisfactory settlement, the dispute is carried to the superintendent and decided by him.

"We do, however, have monthly meetings, attended by the various foremen, the superintendent and other executives of the company. We have also made it a practice to invite three or four employees to attend.

"At these meetings criticisms and suggestions relating to our shop practices and policies are invited, and if the criticism is sound, a committee is appointed by the chairman to investigate and report their findings and suggestions at the next meeting (unless the matter is satisfactorily settled by discussion when it is first put forward), at which time the remedy proposed is discussed and criticised, and if it appears practical, put to a vote. If the majority are in favor, it is immediately tried out in the shop. From the time it is put in practice in the shop, its continuation is left entirely in the hands of the management to decide.

"We find our foremen's meetings to work out nicely—it gives the men a chance to get together, gives them a chance to get a perspective of the shop as a whole—and we believe that the discussions which ensue tend to broaden them and that occasionally they get an idea from the other fellow."

THE PROCTOR & GAMBLE CO., Ivorydale, Ohio.

"About a year ago we inaugurated at this plant and at our Kansas City plant what we have designated as The Employees Conference Plan of the Proctor & Gamble Company.

"We feel that the 'Shop Committee' or 'Conference Committee,' as we have chosen to call it, is going to be very helpful in the solution of the problem of industrial relations.

"Our plan has been in operation only a few months and at the beginning there was considerable reticence upon the part of the employees' representatives to participate in discussion, but this is wearing away and we feel that we are closer to the employees and they are closer to us than they were at the beginning, and we are hopeful that the desired results can ultimately be attained by the development of this plan."

The Employees' Conference Plan follows:

Preamble

A mutual understanding between the employees and the management has always existed in the Protor & Gamble Company organization. Unity of interest has been recognized and practiced by both. Friendly relations have prevailed to an uncommon extent; and all of this is reflected in the relations between the employees and the company as they exist today.

Changes are occurring in the industrial life of the Nation; these changes affect our organization alike with others. In former days, when the number of employees was not so great, there was closer contact between the employees and the management; each was easier of access to the other, and each understood better the aims and ambitions of the other. Such relations are essential to the happiness and prosperity of the workers and to the success of the industry.

In order to promote mutual understanding, to effect a friendly relationship and to bring about efficient co-operation to a greater extent than has existed heretofore, and to provide a plan whereby the desired results can be attained we have formulated and hereby adopt for our future dealings *The Employees' Conference Plan of the Proctor & Gamble Company.*

The purpose of the plan is to provide for regular conferences between representatives of the employees and representatives of the management, in order to afford to the employees ready means of making suggestions and of bringing to the direct attention of the management matters which, in their opinion, need adjustment or correction, as well as to give to the management opportunity to outline its views and plans to the workmen, to the end that both may benefit and that a fuller understanding between them shall exist.

The employees shall elect from among their number, representatives to serve on the *Employees' Conference Committee.*

The election, organization and activities of this committee shall accord with the provision of the Constitution and By-laws to be prepared and adopted later.

Constitution

(Adopted August 5, 1918)

Article I

Name.—The name of this organization shall be "The Employees' Conference Committee" of The Proctor & Gamble Company.

Article II

Structure of Committee.—The committee shall consist of representatives of the employees of The Proctor & Gamble Company, to be elected by and to represent the employees of the several departments.

Any employee shall be eligible for election as representative, who is an American citizen, or has filed his first application for citizenship, and who has been in the employ of the company continuously for one year, just prior to the election.

ARTICLE III

Election of Representatives.—The several departments of the plant (substantially as subdivided heretofore) shall each and separately elect its representative or representatives to The Employees' Conference Committee, according to these provisions:

Those departments having fifty (50) or less employees who receive pay on the first pay-day after April 1, shall elect one representative only.

Those departments having more than fifty (50) employees, who receive pay on the first pay-day after April 1, may elect one representative for each fifty (50) such employees.

As new departments are created hereafter, representation shall be provided for by the committee.

The representatives of the employees shall in 1918 be elected (by secret ballot of the employees) during the month of April, and in subsequent years, between April 1 and 15. One-half of the number of representatives elected in 1918 shall serve for one year and one-half shall serve for two years.

In subsequent years, all of the representatives elected to serve on the Employees' Conference Committee shall be elected to serve for two years.

At the April meeting of each year, the secretary shall submit to the chairman a list of names of the members whose terms will have expired at the end of that month. The chairman shall arrange to have these notices posted on the bulletin boards in the departments which these members represent. The chairman vice-chairman and secretary, together with the superintendent of the plant, shall arrange to have the employees of those departments select a nominating committee, to nominate candidates for election as representative, and to hold election in proper and legal manner, between April 1 and April 15, as provided. The names of representatives so elected shall be promptly submitted to the chairman and these members so elected shall take office at the regular meeting held on the first Monday of May.

All permanent employees of the operating departments of the plant, who have been in the employ of the company for sixty days just prior to the election, shall be eligible to vote.

ARTICLE IV

Election to Fill Vacancy.—Any vacancy in the Employees' Conference Committee, occurring from any cause, shall be filled by holding a special election in the department which he represents, within thirty (30) days from the date of such vacancy. Such representatives shall in all cases be elected to serve the unexpired term of the representative whom he succeeds.

ARTICLE V

Officers.—The Employees' Conference Committee, so elected, shall meet on the first Monday of May next following the election, and shall organize by the election, from among their number and for a term of one year, a chairman, a vice-chairman and a secretary. At this meeting the committee shall arrange for holding regular meetings, for conference with representatives of the management.

ARTICLE VI

Representatives of the Management, who shall attend the regular meetings of the Employees' Conference Committee shall be selected from time to time by the president or general manager of the company.

Article VII

Meetings.—The committee shall meet at least once each month. The regular meetings shall be held on the first Monday of the month between the hours of 6 P. M. and 9 P. M., if possible.

In order to promote friendly relationship among all those who attend the meetings, it shall, if possible, be arranged to serve supper to all those who attend these regular meetings; the regular business meeting to be held immediately after supper.

Article VIII

Duty of Officers.—It shall be the duty of the chairman to preside at all meetings of the Employees' Conference Committee and of the Executive Council, to preserve order and enforce the Constitution and By-laws. He shall decide all questions of order, subject to appeal; he shall have no vote except for the election of officers.

It shall be the duty of the vice-chairman, in the absence of the chairman, to discharge the duties of the chairman.

It shall be the duty of the secretary to keep full and correct record of all of the meetings of the committee; a list of all members of the committee showing date of expiration of their membership; to issue written or printed notices of all regular and special meetings of the committee, same to be sent by mail or messenger to all members; keep complete record of all meetings of the Executive Council; and at the expiration of his term of office, to turn over all books, records, etc. to his successor.

Article IX

Conduct of Meetings.—At the regular meetings of the committee, any representative may present for discussion and vote, any matter or matters affecting the general welfare of the employees in their relationship to The Proctor & Gamble Company.

Two-thirds of all the duly elected members of the committee, present at any meeting, shall constitute a quorum.

Parliamentary rules shall govern proceedings of all meetings.

A complete stenographic record of the proceedings of all meetings shall be made and a transcribed copy shall be made a part of the permanent records of the committee.

Any recommendation of the committee, which has been approved by the affirmative vote of three-fourths of all of the members of the committee present at the meeting, when the recommendation is voted upon, and which has been *concurred in by the representatives of the management present at the meeting, shall be considered as final.*

Any recommendation, which has been approved by the affirmative vote of three-fourths of all of the members of the committee present, but which *has not been concurred* in by the representatives of the management present at the meeting, shall be brought up for further discussion at a special meeting to be held two weeks later. If it is not, at this meeting, approved and affirmed, as provided in the preceding paragraph, it shall then be *referred to the Board of Directors* of the company for decision.

Any recommendation or proposed action, which has been defeated by failing to receive such affirmative vote of three-fourths of all of the members of the committee present, shall not be brought up for action again within three months, except by the unanimous vote of all members present at any regular meeting of the committee during that period.

Article X

Executive Council.—The three officers as provided, together with four other members selected by the chairman, shall constitute the Executive Council. The selection of these four members of the Executive Council shall be approved by the affirmative vote of three-fourths of all of the members of the committee present at the next regular meeting following the meeting, at which the officers are elected.

Executive Council shall be called together by the chairman whenever he may deem it necessary in the interval between the regular meetings of the Employees' Conference Committee, to consider any matter or matters pertaining to the general interest or welfare of the employees, which, in his opinion, should be brought up for preliminary consideration or discussion, prior to, or in preparation for, the next regular meeting of the committee.

Article XI

Special Committees.—Any matter, which may be presented for the consideration of the Conference Committee, which requires special investigation or consideration, may be referred to a "Special Committee" of five members of the Conference Committee, to be selected by the chairman, and announced and assigned to specific duty at a regular meeting; such "Special Committee" shall serve only for the specific purpose for which selected and shall automatically adjourn *sine die* when such special duty is finished.

Article XII

Amendments.—This Constitution can be amended only by the following procedure:

Notice of proposed amendment must be submitted in writing to the president or secretary, who shall bring same to the attention and consideration of the Executive Council at the Council's first meeting thereafter.

If the consideration thereof is approved by the Executive Council, notices of the proposed amendment shall be posted on the bulletin boards, not less than seven days before the next regular meeting of the Conference Committee. The proposed amendment shall be discussed at this regular meeting of the Conference Committee, and to be adopted, must receive the affirmative vote of three-fourths of the total membership of the Employees' Conference Committee.

Article XIII

Order of Business.

1—Roll call.
2—Reading of the Minutes.
3—Report of Executive Council.
4—Report of Special Committees.
5—Unfinished Business.
6—New Business.
7—General Discussion.
8—Adjournment.

The above is subject to change, if the officers find it necessary.

BY-LAWS

Article I

Members will be expected to attend all regular meetings of the Employees' Conference Committee. Absence on account of sickness or death will be excused.

ARTICLE II

Any member who fails to attend two consecutive meetings of the Employees' Conference Committee, shall receive notification from the secretary of his delinquency, and if he fails to attend three regular consecutive meetings, he shall forfeit his membership, and the officers shall make provision for election of his successor.

SIMPLEX WIRE & CABLE CO., Boston, Mass.

"We have a Shop Committee which is elected by the employees with the representation so distributed that each department is represented in proportion to the number of men in the department. This committee is consulted on a variety of subjects which we consider affect them directly, and in all cases to date we have had very good co-operation and satisfactory results.

"However, our experience is so comparatively limited that we are not in a position to make any extended statement."

STANDARD OIL COMPANY, 26 Broadway, New York, N. Y.

I. Industrial Representation Plan.—In March, 1918, the directors decided to inaugurate an Industrial Representation Plan under which each wage-earner in the employ of the company would be entitled to participate in an election, by secret ballot, of representatives to be chosen from among his fellow-employees. The reasons for this step and the method of carrying it into effect are outlined in the attached copy of an election call which was posted at each of the New Jersey refineries. (See Exhibit "A"). In May this plan of Industrial representation was extended to the refineries located outside of New Jersey.

II. Joint Conference.—Following the election of representatives at the New Jersey refineries, the officers and directors of the company, and the superintendents and foremen from the plants met with the newly elected representatives in joint conference at No. 26 Broadway, on the evening of April 1st. This conference was preceded by a dinner. At this conference the following agreement was adopted:

III. Joint Agreement.—The agreement adopted by a unanimous vote of all present at the first joint conference is now the basis of the company's labor policy at the various refineries, it having been adopted first by the New Jersey representatives and later by the representatives of all other of its refineries. (See Exhibit "B").

EXHIBIT A.—STANDARD OIL COMPANY (NEW JERSEY)
Bayonne Works

ANNOUNCEMENT TO EMPLOYEES

This company invites the co-operation of every employee in seeing to it that its long established policy for fair treatment of all employees in matters pertaining to wages and working conditions is maintained, and the company, on its part, desires to co-operate as far as may be helpful, with each employee in his plans to provide satisfactory living and social conditions for himself and family.

In order that each employee at the Bayonne Works may be enabled to thus co-operate most effectively, the company invites employees to elect from their own number, by secret ballot, men in whom they have confidence, who shall represent them in dealing with officers and other representatives of the company in matters of mutual interest, this election to be on the general basis

of one (1) representative to every one hundred fifty (150) employees, with at least two (2) representatives in each division of the works.

The persons thus selected by the employees will be their duly accredited representatives at a joint meeting with the representatives of the company, which it is proposed to hold at 26 Broadway, New York, April 1, 1918, for the purpose of getting better acquainted and of discussing matters of mutual concern. They will also be the accredited representatives of the employees at all subsequent meetings and in all matters of co-operation between the company and its employees, until the employees shall designate some other person to represent them. It is, therefore, highly important that the employees choose with the utmost care those of their number in whom they have most confidence.

To facilitate this election employees of the Bayonne Works have been grouped into divisions, as follows:

DIVISION	INCLUDING	NO. OF REPRESENTATIVES
First	Boilermakers, Blacksmiths	2
Second	Carpenters, Painters, Leadburners, Machinists	2
Third	Masons, Pipefitters, Tinsmiths, Railroad, Hoisting Engineers	2
Fourth	Common Labor	3
Fifth	Watchmen	2
Sixth	Refy. Process No. 1, Refy. Process No. 2, Pitch Plant	2
Seventh	Refinery No. 3 Stills	2
Eighth	Still Cleaners	2
Ninth	Power Department	2
Tenth	Paraffine Process	3
Eleventh	Barrel Factory	3
Twelfth	Cooperage Dept.	3
Thirteenth	Case and Can Dept.	7
Fourteenth	Bergenport Chemical Co.	2
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This election will be held according to the following plan on the day and night of Wednesday, March 27, 1918, in order that both the day and night shift may have an opportunity to vote.

Each employee who is a wage-earner will be handed a ballot by the timekeeper, on which he will be asked to write or have written as his choice the names of as many fellow wage earners in his division as the number of representatives such division is entitled to. He should name not more than one from a department, in cases where a division includes more than one department.

This ballot will be deposited in a ballot box and counted by the timekeeper, and the employees of each division are requested to select one of their number to aid in supervising the election. The result of the election shall be posted in each division, and the two or more in each division receiving the highest number of ballots shall be declared elected as representatives, provided that in divisions including more than one department, no department shall have more than one representative.

Each employee is urged to participate in this election in order that representatives may be selected as the result of a full and free choice on the part of the employees.

W. C. Teagle, *President.*

Approved: A. C. Bedford, *Chairman of the Board.*
March 25, 1918.

Exhibit A.—Standard Oil Company (New Jersey)

JOINT AGREEMENT

I. Employment Department:

This department will be organized at each of the works, the official in charge to be responsible to the superintendent of the works, and to have the following duties:

1. *To engage all new employees:*
   (*a*) This will involve keeping in touch with the foremen and superintendents and being fully advised as to the employment needs in each department.
   (*b*) Applicants should be judged from the following standpoints:
      (1) Follow such limitations as to age as may be established by the Board of Directors from time to time.
      (2) No discrimination to be made on account of membership or non-membership in any church, society, fraternity or union.
      (3 Ascertain by personal interview whether applicant is qualified intellectually and by experience for the particular work under consideration. The result of such interview to be recorded on regular blanks and kept for the purpose of future record.
      (4) If applicant is satisfactory in the above respects, refer him to the company surgeon for physical examination in accordance with established rules. No employee to be engaged unless he passes satisfactorily such physical examination. All cases of doubt or uncertainty in this respect to be referred to the superintendent for decision.
2. *To act as Clearing House* in transfers of employees from departments where work is slack to other departments needing men.
3. *Employees should be encouraged* to come to the Employment Department for friendly counsel in personal matters, or in case they have valid reasons for desiring to be transferred to work in another department.

II. Discipline:

1. *As to discharges:*
   (*a*) The following is a list of offenses for which an employee may be suspended or dismissed without further notice: This list to be posted conspicuously in each department:

Offenses for Which an Employee May Be Suspended or Dismissed Without Further Notice

1. Violation of any law:

   Special attention is called to the following:

   (*a*) Carrying concealed weapons; fighting or attempting bodily injury to another; drunkenness; conduct which violates the common decency or morality of the community;

   (*b*) Stealing, or malicious mischief resulting in injury or destruction of property of other employees or of the company.

   (*c*) Cruelty to animals, the property of other employees or of the company.

2. Violations of the following safety rules:

   (*a*) Carelessness in regard to accident and safety of fellow-workmen.

   (*b*) Riding on standard or narrow gauge equipment or on any moving machinery where not assigned.

   (*c*) Running up blocks on cranes.

   (*d*) Violation of rules governing employees in repairing or oiling of moving machinery.

   (*e*) Failure to wear safety goggles that have been provided.

   (*f*) Smoking or carrying matches other than safety matches or having open lights or fires within prescribed limits where such practice is forbidden.

3. Failure to immediately report accidents or personal injuries to the delegated authority wherever possible.

4. Insubordination (including refusal or failure to perform work assigned) or use of profane or abusive language toward fellow employees or officials of the company.

5. Absence from duty without notice to and permission from superintendent or foremen, except in case of sickness or cause beyond his control of a character that prevents his giving notice.

6. Harboring a disease that on account of his own carelessness will endanger fellow-workmen.

7. Changing working place without orders or prowling around the works away from assigned place.

8. Falsifying or refusing to give testimony when accidents are being investigated, or for false statements when application and physical examination is being made.

9. Neglect or carelessness resulting in damage to railroad equipment, or neglect of car dropper to properly set brakes on railroad cars in his charge.

10. Wilful neglect in care or use of company's property.

11. Obtaining material at storehouse or other assigned places on fradulent orders.

12. Sleeping while on duty.

13. Offering or receiving money or other valuable consideration in exchange for a job, better working place or any change in working conditions.

14. Introduction, possession or use on the property of the company of intoxicating liquors.

15. Habitual use of habit-forming drugs or their introduction or possession on the property of the company.

2. For other offenses not on the above list, an employee shall not be discharged without first having been notified that a repetition of the offense will make him liable to dismissal. Such notice may be given by the foreman who shall forthwith send a copy of such notification to the Employment Department.

3. *Foremen finding* that the interests of the business require the suspension or dismissal of an employee for the commission of any one of the posted list of offenses, or for the commission of any other offense after warning notice has been given, shall report the case fully to the Employment Department. This department, after investigation, may approve the proposed suspension, or arrange to transfer the employee, or, if the facts warrant, discharge him after securing the approval of the superintendent of the works.

4. *A list of suspensions and discharges,* together with the reasons for same, shall be forwarded to the Manufacturing Department monthly.

III. Right of Appeal:

Any employee who feels that he has been unjustly treated or subjected to any unfair conditions, has the right of appeal to the general superintendent and the higher officials of the company, provided he shall first seek to have the matter adjusted by conference, in person or through his regularly elected representative, with the foreman or the Employment Department.

Before such appeal shall be taken to any official not located at the plant it shall first be considered in a joint conference composed of the employees' representatives in the division affected, and an equal number of representatives of the company. In case such conference fails to agree unanimously as to a fair adjustment, an appeal may be made to the Executive Council at the works, or in case such a council has not been organized, to a conference composed of all of the employees' representatives at the works together with an equal number of company representatives.

IV. Wage Adjustments:

Future wage adjustments shall be made in joint conference between the employees' representatives in the division affected and representatives of the company, such adjustments to be subject to the approval of the Board of Directors.

V. Joint Conferences:

Joint conferences of employees' representatives and company representatives shall be held at each of the works at least quarterly to discuss any matters of mutual interest. A general conference of all employees' representatives from the various works and of company representatives shall be held annually at the call of the president. At all joint conferences the number of company representatives shall not exceed the number of employees' representatives.

Standard Oil Co.—In a letter of October 22, 1918, Mr. C. J. Hicks, Executive Assistant to the President, says:

"The introduction of this plan last March was entirely voluntary on the part of the company. It was not caused by any threatened labor trouble or by any order of the government. Our experience in adjustment of wages and working conditions and grievances, and the securing of valuable co-operation in other matters has been most satisfactory both to the company and to its employees. . . . You will note that provision was made for secret ballot which was taken at the plant during working hours, under such safeguards as absolutely insured its fairness. This plan of election secured the personal

interest and participation of from 90% to 100% of the wage earners at our various refineries. We do not believe that it would have been possible to secure such a general expression of opinion if an attempt had been made to arrange for this election to be held at a meeting outside of the plant."

STANDARD WOVEN FABRIC COMPANY, Walpole, Mass.

"We have at the present a committee composed of the plant foremen. In this connection I would call your attention to the fact that we employ only 250 to 300 people in our plant, and our foremen are in close touch with all members of our plant organization. We conduct weekly meetings, at which plant matters are taken up and discussed, such as suggestions, changes and personal matters. This system has been in operation for approximately a year and works very well."—E. O. CHRISTIANSEN, *General Manager.*

THE SUNVILLE BAKING COMPANY, Pueblo, Colorado.

"I am thoroughly convinced that co-operative management is one of the fundamental principles of an efficient and harmonious organization. I did not start out with this idea, but have come to believe in it as the result of years of experience and experiment.

"I am just now trying to work out a practical plan which will enable the employees to pass upon the qualifications of their fellow employees and of their superiors all the way from their immediate foreman to the manager. My experience has taught me that an organization conducted along these lines will attract the best men in an industry and that those men may be safely trusted to any extent, with the possible exception of deciding policies. We have only a small organization and it is easier to handle than a large one would be, but I maintain that the principle upon which we are working is right, and if it is right, it can be made to work in any kind of an organization, the only difference being in the time required to put it in operation. Employees will rise to this kind of responsibility when the responsibility is put upon them.

"We have not completed a definite plan for enabling the employees to pass upon the qualifications of their fellows and of their immediate superiors, but we do get their opinions and do not consider any man a permanent part of the organization until we find he is satisfactory—both in his work and his general conduct as a citizen and a gentleman. The result is that the efficiency and morale of our organization is so high that we can pay higher wages than our competitors and still have a lower cost. We have absolutely no fear of competition.

"This is a proposition which must be approached without prejudice and without mental reservations. An employer who tries this scheme without believing in it himself will certainly fail. Any doubt or lack of sincerity upon the part of the manager will be recognized at once by the employees. The employer must be on the square with his employees in the strongest and most emphatic sense of the term to make any such plan successful."—C. J. POWERS, *President.*

THE WARNER BROTHERS COMPANY, Bridgeport, Conn.

"We operate what is known as an open shop, although we have unions and deal with union conditions. In the main, we have found it fairly satisfactory, especially considering the class of help we have as compared to what we used to have. In earlier days we had an intelligent class of people that could think

for themselves and you could deal with them more or less satisfactorily, but we have a good many foreigners and in many cases it is almost impossible for us to reason with them and most difficult for the committees themselves. There is always a temptation to the committees to ask for more than they should, but this has to be borne in mind in meeting the situation. The committees many times have been able to accomplish certain things with the help, in fairness and justice to the help as well as ourselves, that we have been unable to accomplish.

"Along the general lines of the efficiency of any work that is organized we should say the committees are fairly successful. Further than that, in a plant as large as ours you are bound to have some managers and foremen that are not even fair to your own help in their desire to make good on their own job, and your shop committee is decidedly a check against this tendency."

THE WHITE MOTOR COMPANY, Cleveland, Ohio.

"In July, 1915, we installed a plan of meeting our employees through regular shop committees.

"These committees meet every two weeks on the company's time. Committees are elected by the men without any suggestions or interference by the company. One man represents approximately ten employees. A rotary system of election is in force, which changes the personnel of the committee monthly, the average length of service being approximately six months.

"It is our custom to have the foremen of the departments represented by the committee and also the superintendent of same, meet with the men, and the time of meeting is so arranged that it is possible for the factory manager or any of its assistants to attend any or all of the meetings, if desirable.

"Each committee selects its own chairman and secretary and records are kept of each meeting, copy of which is posted on the bulletin boards in the departments and another copy is filed in the factory manager's office for his attention.

"The average length of the meeting is 30 to 45 minutes.

"Our experience has shown these meetings have worked to the mutual benefit of the employees and the management. In these meetings the employee has an opportunity to express himself and to offer suggestions for improvement, not only to his foremen but to the management direct. No subject is barred from these meetings.

"Questions of improvement to and arrangement of machinery, and equipment, sanitation, safety devices, improved working conditions, cost of living, wages, and production of the plant, have all been discussed.

"These committees have also given the management an opportunity to present very clearly to the employees on short notice any necessary information or any change in policy. Through these committees we have been able to organize and promote the sale of liberty bonds, thrift stamps, and other programs which the Government has brought out in connection with the war.

"The operation of the committee system has given to a plant as large as ours all the advantages of the small shop, in which the manager is acquainted with practically every employee and in which the employee is thoroughly familiar with his policies.

"We have never had cause to regret the establishment of our committee system, which has proven a very large asset in the building of our factory organization and in the satisfactory handling of our production problems. A better understanding and the improved conditions which have been brought

about through these meetings has also made it possible for us to reduce our turnover to a minimum."

(For a full discussion of the employment policies of this company see article by Boris Emmet, "Labor Turnover and Employment Policies of a Large Motor Vehicle Manufacturing Establishment," United States Bureau of Labor Statistics, *Monthly Labor Review,* October, 1918, pp. 1-18. The committees of the company are described on pages 17 and 18.)

WILLIAM DEMUTH & CO., Richmond Hill, N. Y.

"This company introduced about May, 1917, a so-called Industrial Democracy System of Committees. This form of plant government is based by analogy on the principles of the constitution of the United States.

"It provides that the legislative body, or congress, referred to above has, with the confirmation of the cabinet, the power to enact and enforce all laws, rules and regulations for the conduct of the factory, and its decisions are binding as well upon the company as upon the employees. The cabinet is composed of members of the executive board, together with the factory and the sales managers, the president of the corporation being its presiding officer.

"The senate includes the superintendent, the heads of departments and the factory foremen. As this body already existed when the system was installed, the necessity for creating it did not arise, but the constitution provides that changes in the personnel of the factory executives or additions to their number may be made by the legislative bodies. Ordinarily if a new foreman were needed a candidate would be elected by the house, subject to the confirmation of the senate and cabinet, but if a man of special technical training were required and such a man was not available among the employees the cabinet would submit a candidate from the outside, subject to the ratification of the other bodies.

"The house of representatives is limited to 30 members, who are elected annually at a mass meeting of the employees. As the number employed at present is about eight hundred, one member of the house therefore represents about twenty-five employees. To be eligible for membership the candidate must have three qualifications: First, he must have been in the employ of the company one year or more; second, he must understand and speak English; third, he must be known by all to be 'on the square.' In this application of democratic principles there is no question of equal suffage as the gentler sex is well represented in both legislative branches.

"Meetings of the three governing bodies are held regularly each week, the senate being convened at 2 o'clock p. m., and the house at 3.30. The meeting place is a room on an upper floor of the office building far enough removed from the factory to avoid the noise and confusion. The cabinet meets at 10 o'clock in the morning of the same day. Each house of congress elects a chairman, or president, and a secretary who keeps a minute record of all proceedings.

"Business is transacted according to the usual parliamentary procedure. Questions of wages, holidays, hours of work, benefits, etc., come under discussion; troubles or misunderstandings are brought to light and straightened out; new and better plans of operation are discussed and recommended—whether it is improved machinery, tools, methods or men, these bodies of congress have the privilege of using and do use their brains in the interest of such better service. Committees are appointed by either branch separately or jointly, and there are standing committees on such matters as safety, suggestion, welfare, ways and means, etc., each reporting to its respective appointing body its findings,

which are deliberated upon and if found feasible are recommended for enactment into law. A resolution by any branch, including the cabinet, does not become law until ratified by both the other bodies, but when such resolution does become law it is considered a mutual obligation. Suggestions upon any pertinent subject may be made to the Suggestion Committee, which is empowered to make any award they deem suitable up to $5. If in its estimation a suggestion is of greater value it presents a resolution before the legislative bodies and the additional amount of the award is thus determined. Likewise the Safety and Welfare committees may order minor changes and improvements looking toward the safety of the employee and the betterment of his working conditions, reserving all matters of major importance for the action of the congress." —(From "An Industrial Democracy," by ELLSWORTH SHELDON, *American Machinist,* August 1, 1918.)

The company makes the following statement:

"The system of a shop committee is no doubt a step in the right direction and is found to lead to a better understanding and mutual good will between the employer and his men, provided this committee meets at regular intervals to perform certain distinct functions, and is not only called on certain occasions to straighten out troubles.

"Our efforts towards better understanding with our co-workers have been along somewhat different lines, but naturally with the same ultimate purpose in mind. About 1½ years ago we introduced into our organization, consisting of about 900 people, our form of Industrial Democracy, and we are very glad to say that we feel more enthusiastic about same today than we did at the start. In other words, it has worked out to our entire satisfaction and we know that we can achieve a good deal more than we have up to now, on account of the splendid spirit of co-operation which has been fostered by this system.

"Since the introduction of this plan, we have by request of the workers themselves, reduced the working hours from 53 to 50 per week, with an increased production and increased earnings as a result, the latter being accomplished without any change of piece work rates. Recently the cabinet suggested a reduction from 50 to 48 hours, at which time we offered an adjustment of piece work rates to offset the loss of time. It is too early to make any definite statement as to the result of this latter change, but certain indications lead us to believe that the result of the latter change will be just as gratifying as before.

"We believe that the greatest advantage to the Industrial Democracy system lies in the fact that in the regular meetings of the house and senate any possible troubles are discussed, frankly criticised, and disposed of before they begin to be real difficulties. In other words, we would rather apply a remedy than a cure."

FROM A METAL-WARE MANUFACTURING COMPANY.

A large company with factories in various parts of the country has set up a shop grievance committee plan. An official of this company writes: "I am very much interested in these committees and am taking a personal interest in them.

"In May, 1916, the employees of the New York Branch of this company walked out on a strike, the first in the history of this branch, which was built more than thirty years ago. Although they were not organized the shut down was complete. There was no advance grumbling or murmuring and it came like a thunderbolt out of a clear sky. The management thinking previous to this

that everything was in good order, and that the employees or workers were contented because of the fact that the scale paid in our particular plant was higher than our competitors, we were at a loss to account for the dissatisfaction. They decided to call a meeting of the representatives of the employees, and a number of petty grievances were advanced and which could have been adjusted had there been some means of doing so. The strike was finally adjusted after three days' discussion and all the employees returned to work.

"Our Shop Grievance Committee was then inaugurated, which, though not a very pretentious affair, is suitable to our needs and works along the lines as follows:

Rules and Regulations

(1) Each department shall have an accredited representative elected by the employees of his department.

(2) Five representatives shall be elected as an executive committee by the representativs.

(3) The representatives shall meet every Friday during or after working hours at a place they may select.

(4) There shall be two representatives of the management who shall meet the executive committee in an office room set aside by the management for the purpose of discussing and adjusting complaints or grievances.

Rules for Submitting Grievances

(1) All complaints must be in writing and dated. Same must be submitted to department representative in which plaintiff is working at the close of the day.

(2) The representative after receiving the complaint should try and adjust it with the foreman of his department. Should he fail to do so he is then to submit same at the next meeting of representatives.

(3) The department representatives are to consider each complaint and pass upon it, and endeavor to adjust same. Should they fail, the complaint is then to be placed in the hands of the executive committee for adjustment at their meeting with the representatives of the management on the following Monday mornisg.

(4) Should the executive committee and the management representatives fail to agree, the matter will then be referrd to the factory manager who will discuss same with a representative selected by the executive committee.

(5) Should no satisfactory agreement be reached between the factory manager and the representative from the executive committee, the complaint is then to be put before an arbitration committee whose finding shall be binding and final upon both sides.

(6) The abitration committee shall consist of five men, two selected by the management, two selected by the executive committee and the fifth to be selected and agreed upon by the other four members of the arbitration committee.

"The above procedure has been very successful in our plant and to date every complaint has been satisfactorily adjusted. The scope of this committee is very wide and while at times the men advance a grievance which, after being thoroughly threshed out, is found to be caused by an individual who is doing it for his personal gain, the result has been very gratifying."

FROM A LARGE LUMBER COMPANY.

"We have a number of plants in the South where there are no unions and where we employ many colored men. This labor is constantly shifting and it would be difficult to get any satisfactory results from such a plan. At one plant

we have made a start in this direction, however. The matter is entirely in the hands of the employees and they hold a fifteen minute meeting during the noon hour once a week. One of the employees is the speaker and he gives a talk on any subject that he may choose, often bearing upon the work in the shop. Whenever we have any announcement to make we take this opportunity for doing so and we find that it has led up to our explaining to the employees the reasons for certain changes or radical moves which are made by the management and this has resulted in more co-operation and less criticism than in the past when the men were held in ignorance and I believe this is destined to become a considerable advantage and after labor conditions become settled and normal we expect to introduce it in other plants."

A LARGE MOTOR MANUFACTURING COMPANY.

"Shop committees have been tried out by us with more or less success. The trouble we have found is a lack of interest that the men themselves take in the committee work.

"At the start of this plan, the men appeared to take hold of it with a hearty good will and take lots of interest but gradually it dropped away and we have been unable to keep up interest, so that for the present in our assembly plants we are not doing anything in regard to shop committees. The idea, we think, is fine if there would be some way that we could keep the interest of the men on the committees, which we have been unable to do so far.

"It seems impossible to keep the men interested in these committees, as it does not seem to be of any benefit to them, or at least it is hard to show them where they are benefitted by this, and the work of the committee gradually drops away until they are of no use to themselves or to the factory."

Personal Opinions, Favorable

BOSS ELECTRICAL SUPPLY CO., Providence.

"I personally think that the committee plan, so far as it has been developed, is the best means for the elimination of strikes and other troubles, and should be adopted and used by all organizations until something better is invented to replace same."

COVERT GEAR COMPANY, INC., Lockport, N. Y.

"I have made a careful study of it in the past and I realize that sooner or later we must all face it, and if it is taken up freely I know it will work out to the advantage of all concerned.

"The shop committee plan is not fully established here yet, but we are on the road to its completion.

"My personal view of it is that it will be a fine thing when every factory has it, and in the factories where I have come in contact with it, I can say that I found it entirely satisfactory and that it has no doubt saved a great deal of lost time in bringing the men in closer touch with the management, and in averting strikes that otherwise would have taken place.

"It has also cut down the absentee list and cut down the percentage of lost time caused by employees being late."—C. H. Skinner, *Employment Mgr.*

WM. E. DUNHAM, Efficiency Engineer, Pittsburgh, Pa.

"I have given the matter considerable thought in the last few years and heartily approve of it if properly handled. I am inclined to believe that the committee composed of both the management and the employees is not the ideal form, since the employees invariably feel that they are being spied upon and coerced through the management's representative.

"It would seem to me that the better scheme would be to have each department or class of workers appoint a representative committee to confer with the management, the latter to be represented in whatever form the management deems it advisable. I think the jurisdictions of these committees should be to make recommendations; the final decision being reached in conference with the management.

"One feature of the War Labor Board's accepted practice in connection with these shop committees is to have the committees appointed at a meeting of the employees called at some public place outside the plant. This, I feel, is liable to develop a spirit of antagonism between the employer and employee. The relation between capital and labor must certainly be coming to a strained point when employees cannot hold a meeting of this kind on the premises of the employer, and appoint their committees with perfect confidence that they are doing so with the co-operation and consent of the employer. I believe the whole principle behind the shop committee idea is to get a greater degree of co-operation, and think this principle should be kept in mind at all times in working out the details of shop committees."

EASTERN MANUFACTURING COMPANY, Bangor, Maine.

"We believe that eventually either a committee plan of shop management or some other co-operative plan based on the same general principles is bound to come and that when properly established it will be an excellent plan of management. We feel, however, that, at least in our own shop, conditions are not yet ripe for such a movement.

"We also feel very strongly that it is a great mistake to jump into the shop committee plan unless the employees and the management are both fairly well educated along these lines so that the plan will not fail. A failure on the part of either the management or the employees will, we believe, lead to industrial unrest which would probably be more serious than would have been the case had such a scheme not been tried in the first place.

"We believe that we are gradually educating both our employees and our executives and foremen to the point where eventually the shop committee plan will be practicable in our own plant, but do not expect any such thing in the near future and would regret exceedingly any action on the part of the Government which would force us into such a form of co-operative management before we are really ready for it.

"At the present time we are experimenting with a system of group meetings. These group meetings have only been carried on for a few weeks but we are in hopes that they may prove a step toward the ideal of co-operative management."

NOVELTY CANDY COMPANY, Chicago, Ill.

"I am of the opinion that the establishment of shop committees is a valuable addition to any organization, especially when working with skilled or organized labor."—Benjamin Schneewind, *President.*

OHIO LOCOMOTIVE CRANE CO., Bucyrus, Ohio.

"I believe that if a good shop committee was selected, irrespective of whether the employees of same belonged to a union or not, that it would prove beneficial to both the employer and employee.

"We employ both union and non-union employees. We show no partiality nor discrimination against either kind of employees. A week ago last Saturday, the writer called into the office one of the leaders of the machinists' union, and a non-union employee, and told them that we thought it would be beneficial to all mutual interests to establish a shop committee, relating briefly what good could be accomplished by such a committee. I told them that we proposed holding an election out in the shop, allowing each and every employee to vote for two men to represent them on a shop committee. The management would then select two other men to represent the company and these four men so selected could appoint the fifth man, or arbitrator. About one-fourth of our men are union men and the rest of them non-union men. I told them that in case the men elected two non-union men I would appoint two union men to represent the company, and vice versa, should the men elect two union men, I, on behalf of the company, would appoint two non-union men, so that the committee would be equally divided in that respect, and so that neither side could find any fault with such an arrangement.

"Our men seemed to be very well pleased with such an arrangement, and which arrangement we expect to put into operation some day this week.

"The writer is also indirectly connected with another large concern here (The Carroll Foundry & Machine Co.) where a shop committee was appointed last week along the lines above indicated."—C. F. MICHAEL.

THE ROBERT MITCHELL COMPANY, LIMITED, Montreal, Quebec.

"The Shop Committee Plan possesses a great deal of interest for us, and during the past year we have been studying instances of its application with a view to adopting it in our factory. Up to the present time, however, we have not put this plan into force.

"We are thoroughly in sympathy with the idea that the employees of an industrial concern should have some recognized means of expressing their opinions on subjects affecting both themselves and their employers.

"We have recently assisted our employees in forming a Mutual Benefit Association, which is working very satisfactorily; and we are at present endeavoring to form a Co-operative Buying Society for the purchase of staple foodstuffs at wholesale, for the employees.

"Although neither of the above associations is formed with a view to performing the functions of shop committees, still, we think, that the experience gained by our employees in managing these associations, will, in the course of time, make it possible for us effectively to work in a Shop Committee Plan."

WASHBURN CROSBY CO., Minneapolis, Minn.

"The matter of a shop committee, or employees' council, has been seriously considered the past few months, and we believe that something of this order will be adopted in the near future. The writer is very strongly in favor of such a plan and believes that concerns who employ a large number of men will find it advisable to have something on the co-operative plan in the future."—W. H. BOVEY.

WALWORTH MANUFACTURING COMPANY, Boston, Mass.

"We are very much interested in shop committees or any other plan to bring about closer relations between the management of this company and our operatives.

"This matter has received our careful attention for a long time, but, due to the fact that we are operating an open shop and have a great many different trades represented, we have been unable to satisfy ourselves as to the best way to form a shop committee or shop committees.

"We are now working on the publication of a shop paper, and that the men may have an interest in publishing it, we have appointed representatives of the men from eight or ten of our different shops to consult with us in regard to it. This is the nearest that we have come to the formation of any committee of our workmen, and, as you can readily see is quite a different proposition from our understanding of shop committees as constituted in a number of manufacturing plants."

FROM THE EXPLOYMENT MANAGER OF A GUMMED AND COATED PAPER MANUFACTURING COMPANY.

"I entirely believe in the principle of collective bargaining between employer and employee, having been a member of one of the large international unions for eighteen years. I do not, however, believe that it is advisable, either in the interests of the manufacturer or the employee, to urge employees to become members of a trade or labor union. It is my opinion that better relations may be had in any plant or in any industry between management and the workers where intelligently organized shop committees exist. In fact, I know of no other method whereby employers may be reasonably sure of uninterrupted production except by this method, and unless men are employed in small groups, I know of no other way that they can secure fair adjustments of grievances or questions that arise in the course of employment."

FROM A LARGE MANUFACTURING COMPANY.

"We recognized the fact that we must have a shop committee of some sort. We have always had a foremen's club meeting every two weeks and in a way shaping the general policies of our shop management, but we have not as yet made any move which will create a representative body in which the man in the shop has a vote. We are on the way to this, however, and while we are moving slowly, we are making sure of our ground as we step along.

"We have in view the calling of a weekly meeting of all new employees. At this meeting we will tell those employees just what sort of a company they are working for, how important our work is in the winning of the war and sell them on the idea of a permanent job. We have tried this out, but we have not tried it out long enough to be able to give you any real information on what has happened, although in our own minds we are well satisfied with the progress."

FROM A CHAIR MANUFACTURER.

"Theoretically we believe in the shop committees, but inasmuch as our business is so small and we are in such close touch with the men and women in our employ we doubt whether there is as much need of it as would be the case in larger units.

"We presume that some day we shall be ready to go forward with this sort of thing, but just at present somehow we do not seem to feel the courage of our fairly well established conviction."

A LARGE ENVELOPE COMPANY.

"A personal acquaintanceship with our employees obviates the necessity for collective agreement through any system of shop committees. We can readily appreciate, however, that a system based on shop committees might prove very valuable in industrial establishments where labor is employed on such a large scale that a 'personal touch' becomes an impossibility."

Unfavorable Opinions From Firms That Have No Committees

LINK BELT CO., Philadelphia, Pa.

"The policy of our company has always been to encourage close personal contact between the employees and the management, so that if any employee has any grievance he can at any time feel at liberty to present it personally to his superintendent, or to the plant manager. We believe this establishes a better working relation than where the employee has to reach the management through a committee, and our experience at our several plants has confirmed us in this belief.

"Collective bargaining, of which we hear so much nowadays, has been given as one of the prime reasons for the existence of shop committees. This form of bargaining is all right with a large number of employees rendering substantially equivalent service, such as locomotive engineers, street railway motormen, conductors, etc., but in an industry like ours there are very few employees who render equivalent service and our whole scheme of compensation is based upon paying each employee in accordance with the service rendered, so that no necessity exists for collective bargaining."—STAUNTON B. PECK, *Acting President.*

A. T. SIMONDS MANUFACTURING COMPANY, Fitchburg, Mass.

"In regard to shop committees, I am very doubtful as to whether they will survive ordinary times, although they may be expedient during the present etxraordinary situation. I am positively against any system which makes it difficult or impossible to discharge an employee whether a member of a union or not, or to regulate the production of the more skilled men down to the lowest of the least skilled."—A. T. SIMONDS, *President.*

FROM A LARGE RUBBER GOODS MANUFACTURING COMPANY.

"We are not convinced that we could derive very much benefit from such a plan. In the first place, I need not remind you of the far-reaching effect were we to recognize this suggestion and comply with it entirely. My personal opinion is that I consider it a master stroke and without further explanation I think you see the intent."

FROM A LARGE AUTOMOBILE TIRE COMPANY.

"We can do more for our employees if we are not hampered with 'shop committees' and so far have always been able to do so."

FROM THE VICE-PRESIDENT OF A LARGE MOTOR CAR COMPANY.

"I have not seen enough of this movement to form a decided opinion, but from observation in two or three shops where it was carried out, I do not think it is in the direction of the greatest efficiency.

"However, I have so little knowledge of the matter that I am not in a position to express an opinion. I view the situation largely in this light:

"Suppose General Pershing decided to make a move on the Western Front, and should call a meeting of the representatives of the soldiers in order to find out whether they wanted to do it or not. It seems to me it would be exceedingly difficult to weld together the variety of ideas, as to what should be done, so that much effort would be spent in this direction of more or less non-essential things."

FROM A BAG MANUFACTURING COMPANY.

"The work in our various factories has always been carried on largely by female help, they comprising about 80 per cent. of our force, and would, in general, be called semi-skilled. We have not considered that any great amount of benefit could be derived from committees composed of these employees. We do not find that we can procure employees from other lines of industry who bring with them any experience or helpful suggestions. Our work is such that it requires our teaching each new employee from the ground up."

FROM A MANUFACTURER OF COTTON FABRICS.

"I have not convinced myself that with the class of labor we employ (consisting of twenty odd different races and creeds, largely from central Europe—many of them not speaking English) the introduction of such shop committees are a good thing for our particular industry, or that they would be any better in establishing good relationships than the method now pursued through our Labor and Service Department, under the general charge of our factory manager. Being a quarter Irish, I am afraid I rather favor direct action, and agree with a certain celebrated Washington authority that Committees, like boards, are usually long, narrow and wooden.

"No one would welcome more heartily than I a practical scheme of industrial democratization, for it would certainly relieve the management of many of their present duties and trouble, but to be successful, it would mean that the workers would have to pick their leaders more wisely than they are choosing their representatives today—and that would mean very considerable education of the working man as a preliminary."

FROM A LARGE CASH REGISTER MANUFACTURING COMPANY.

"We do not recognize any labor organization, ours being an 'open shop.' Our past experience has taught us that the ordinary shop committee does not necessarily promote good relations between the men and management, and we think we have found a better way to maintain harmony and co-operation between the men and the company."

FROM A LARGE AUTOMOBILE FACTORY.

"There is no committee plan in operation in our factories.

"From what we have been able to learn we feel there is no necessity for adopting the shop committee and in this particular locality believe it would be unadvisable to do so."

FROM A LARGE MANUFACTURER OF VALVES AND PIPE FITTINGS.

"At the ——— works in sixty-three years we have had one strike, in 1893, due to the extremely depressed conditions at that time, and in 1915, at the Bridgeport plant we had a peaceful walk out, brought about by the general unrest there arising from a deficiency of labor and high wages offered by the munition plants. The men came back to us in three or four weeks without any change in wages or hours.

"With this experience, we are willing to let well enough alone and would rather not experiment with a shop committee of employees."

FROM THE CHIEF ENGINEER OF A MACHINE MANUFACTURING COMPANY.

"I believe it is a good war measure and should be given a fair tryout.

"I don't believe it will do very much good nor will it do much harm, but it will give the workers a chance to express their ideas as to how a factory should be managed to conform with their ideas. It will also satisfy a portion of the force which is at heart Bolsheviki.

"It may also help in keeping out outside prefessional agitation and anything that will counteract that kind of a force is worth trying.

"The committee will not do much harm because after the first outburst of enthusiasm has worked off its steam, the committee will be indifferent, as all committees are, and like putty in the hands of a clever leader. Then it is up to you to lead the leader—in other words, see that he realizes what the business is for and what is best for it."

FROM THE PRESIDENT OF A MANUFACTURING CONCERN.

"As regards committee management, we have recently been trying it out to a very limited extent. We have a Production Committee which includes the head of our Production Department and his assistant, our factory superintendent, and the head of the inspection and shipping department.

"Am sorry to say that at present I could not give my unqualified endorsement to the committee plan, as having anything to do with wage schedules."

"As to working conditions, as far as they relate to sanitary and hygienic conditions, etc., I believe it would be a success, and we hope to establish such a committee here.

"Also we have one in mind to look after such social activities as we may have, for which our facilities are quite limited anyway.

"Beyond this, while I thoroughly agree with the committee idea in theory, it doesn't seem wise in this plant under present industrial conditions.

"When we find our employes as loyal to the Government and our own interests as we think they should be, and as we are trying to be to them, and this loyalty will be evidenced by regularity of attendance and increase instead

of decrease of production, and they are not ready at the drop of the hat to leave for another plant where they can get (possible) increase in pay, I should feel we could trust them to assist us in determining wage scales, etc.

"I don't like to feel as I do about the present attitude of our employees, but their own action forces me to it. If their attitude could be changed by introducing a committee plan of management, I would be the first one to adopt it, but I feel now I should hardly dare undertake so radical a change."

Appendix VI

LOST TIME IN MUNITIONS FACTORIES

"A New Way of Dealing with Offenders."

(Reprinted from the *London Chronicle*. Pamphlet in Department of Labor Library, Washington.)

Seven workmen are seated round a table in a dark room. They are washed and brushed, after their day's work. The electric lamp over the table, its bright wire hidden by a long shade like a fool's-cap, shines dimly upon papers and books and inkpots. The rest of the long room is in shadow. These seven workmen constitute the Coventry Local Labor Advisory Board. Brought into administrative existence for one purpose, they have achieved another, which is like a revolution. It is my hope that when peace returns to the earth these seven workmen may be acclaimed as the initiators of a great social reform.

"Call Mr. Dash," says the chairman, examining his papers. The chairman is a short, plump, high-shouldered man, with a very menacing directness of eye and a husky voice, extraordinarily swift in its utterance.

The other workmen read a report from the employers of Mr. Dash. One shakes his head over it. Another, sharpening his pencil, remarks that it's a bad case. The secretary says, "There's worse to come." A door opens. We hear a shuffling sound from the end of the room, and out of the shadows a young man makes his appearance, cap in hand, the collar of his overcoat half-turned up. This diffident young man approaches the table, like a ghost or like the victim of a mesmerist.

Time-Loser's Excuse

"Good evening, Mr. Dash," says the chairman cheerfully. "Take a seat. We won't keep you many minutes." And as soon as Mr. Dash has taken a seat at the end of the table, the chairman, holding the papers in his hands, and fixing his accusing eyes upon the offender, proceeds as follows: "Mr. Dash, you are reported to us by your employers for losing five hours last week, four hours the week before, and five and a half hours the week before that. We are going to ask you why you lost this time.

"But, before putting that question, I wish to explain to you that we are all workmen the same as yourself, that we don't represent your employers, that we are not here in the interests of your employers, and that our only business is to see that the chaps at the front get enough stuff to beat the Germans. You'll understand, please, that in speaking to us you can speak freely. We've no wish to send you before the Tribunal. We want to keep all the skilled workmen we've got. Our one object is to see that the factories of Coventry turn out all the stuff they can, in order to win the war. Now, Mr. Dash, will you be so good as to explain to us how you have managed to lose this time?"

Mr. Dash explains. He is a gentlemanly, delicate young man, and begins: "Mr. Chairman and Gentlemen." His voice is low and sorrowful. His excuse is a domestic excuse, and one that touches the heart. He advances it modestly and pathetically. This young man has to get breakfast for his wife, and to wash and dress his children, before he goes to work. Surely he has a valid excuse for those lost hours.

But the seven workmen, after listening quietly, and after the chairman has expressed a brief, businesslike sympathy, suddenly began to fire off questions, one after another, like bullets from a rifle.

"You can get out of bed half an hour earlier, can't you?" says the chairman.

"Yes."

"Think of the girls who live outside the town and get up at 4 o'clock or 5 o'clock in order to be at the factory in proper time."

Mr. Dash nods his head.

"If you were in the trenches you'd get up when you were told, wouldn't you?"

"Yes."

"You'd jolly well have to."

Mr. Dash acquiesces.

"There'd be no loitering for you out there, would there? No; you bet your life! And, Mr. Dash, let me tell you this: Many a man in those trenches, facing death every minute of his life, has a delicate wife and young children in England. Aye, and he's worrying about them. They're in his thoughts night and day. Why are not you out there? Just because you've got a trade in your fingers. And if you don't do your best at the trade, Mr. Dash, what will your conscience say to you? Put it to your conscience.

"Come, you're a man of honor. Give us your word, pledge your word to us, Mr. Dash, that you'll lose no more time. Remember this: those men out in the trenches are fighting for your wife and children; they are not fighting for your employers; they aren't fighting for the capitalist; they're fighting for you, for your wife, and for your little ones. Aye, that's a fact. Come, you'll give us your word. You'll get up half an hour earlier, won't you? It isn't much to ask of you, is it? It doesn't compare with what the chaps out there are doing for you, does it? Well, your hand on it, Mr. Dash."

Mr. Dash shakes hands, gives his solemn word he'll lose no more time (there is a real ring in his voice) and goes out of the room with his head down, and moisture in his eyes.

Dramatic Cross-Examination

The next case is that of a youth, who comes into the room with a certain betrayal of nervousness, but is soon perfectly at his ease, looking around at the seven workmen with an expression of rather contemptuous amusement.

This young man is reported for losing time and also for insolence to his foreman. He is not in the least ashamed. He faces his judges with a cool detachment. He smiles as the charge is read over to him, motionless on his chair at the end of the table. His excuse is that he is not satisfied with his conditions. He is asked whether he is a member of a Union? Yes. Has he reported his complaints to his Union? No.

"Why not? It was your duty to report your complaints. The secretary of your society is here at this table. What excuse have you got?" The boy shifts in his seat, his eyelids blinking, his tongue moistening his lips. The secretary suddenly asks, "How long have you been with Messrs. So-and-So?" "Four weeks." "And you left your last employers on such a date?" "Yes." "Then you were walking about for three weeks doing nothing at all?" "I was looking for a job." "Did you go to the Labor Exchange?" "No." "Why not?"

Then comes with dramatic suddenness an appeal to the defendant's moral judgment, to his honor, to his conscience. He is astonished. His eyes go from one to another of his judges. They are wage-earning workmen, like himself;

and they are speaking of honor, speaking of conscience. More than this: They are speaking of his mates in the trenches, of mud up to the knees, of bitter cold, of drenching rain, of shells which never cease to fall, night and day. "Those shells were falling while you were walking about with your hands in your pockets."

He is beaten. You see something like fear in his eyes. Then he jumps up. He can stand it no longer. "I'll give you my word," he says. "Your hand on that." He takes the hand offered to him. "Mind! your word is your bond." "Yes." "You'll do your best, lad?" "Yes." "Well, good luck to you. We know you'll keep your word."

Five Pounds a Week Grievance

The next case is the worst of all. There is a deal of discussion among the Board. On the evidence before them this man ought to go before the Tribunal. He's a clever workman, but he comes when he likes, goes when he likes. His foreman can do nothing with him. His employers report that they consider him hopeless. The chairman looks up from his paper, shaking his head. "Well, we must see him."

"Call Mr. Blank," says the secretary.

He is invited to sit down, and, sitting down, he looks steadily at the chairman, an angry gleam in his eyes. Again and again, while the chairman explains the office of the Board, he nods his head, and makes a curious forward movement with his right hand, as if to say: "I understand all this; don't waste your breath"; but he utters no sound. And when the chairman has finished his formidable indictment, concluding with the words, "What have you to say for yourself, Mr. Blank?" the young man, moistening his lips, says hoarsely: "This: If a man was to say to you—now I'm speaking the truth, mind you—if a man was to say to you, 'Get on with this job and there'll be an extra five bob on it at the end of the week'; and if when the end of the week comes, see, and you gets your money, instead of five pun sevingteen and six it's only five pun three—well, what 'ud your feelings be?" He sits back in his chair, breathing hard, his head going from side to side. "D' you think a man—a man—will put with that? Not likely!"

Searching Questions

You should have heard the seven workmen of Coventry! Had he reported his unfulfilled promise of a foreman to his Union? No, he had not. "Why not, then? why not, Mr. Blank?" Then a casual aside: "By the way, are you still a member of your society?" "No." "Why not?" An awkward question. "You've been earning good money, but you havn't paid your subscriptions."

"Let me tell you this, Mr. Blank," says the chairman: "I'm a workman like yourself, and a skilled workman, and I've got a wife and six children, and never since this war started have I topped fifty shillings a week. Never topped it? Why, I've never seen fifty shillings a week. Listen to me; you, an unmarried man, earning over five pounds a week, have been losing days at your work, week after week, while better men than you, men with wives and families, have been fighting and dying out in France."

"Mr. Chairman," breaks in the representative of the Ministry of Munitions, "I object to wasting time over this man. It's a clear case for the Tribunal."

"Wait a moment," says the chairman. Then turning to Mr. Blank, he says: "The only reason you aren't out in the trenches is this—you've got a trade in your fingers. You've got a trade. It earns you good money. And you can

sleep in a comfortable bed, get what food you want, work in the dry, and enjoy yourself how you will in your leisure. And, Mr. Blank, with all these advantages and benefits, you're holding back the stuff from your own brothers out in the trenches!"

Another breaks in. "Listen, Mr. Blank! Last week, as we sat here, with a case before us very like yours, a telegram was brought to me. That telegram contained the news of my brother's death in France—shot through the brain. He left a wife and five little kiddies. They'll never see him again. They'll never know prosperity again. His wife is a widow; his children will call for their daddy in vain; life as they've known it is finished for them; it'd done; and"—lowering his voice to near a whisper—"and you, Mr. Blank, you may be the cause of my brother's death."

Coventry Leads the Way

Well, this case ends like the rest. The workman surrenders. It ends, too, as five other cases ended that night, in something very near tears.

Now, this Coventry scheme has been tried for some time. I was given bundles of reports from various employers concerning men who had once appeared before the board. In an overwhelming majority the reports ran, "No further time lost." I suppose I must have glanced at scores of these reports; certainly I handled three big bundles of them, and I saw nothing else except an excellent verdict. Therefore, what I saw of the workmen before the Board did not strike me as theatrical or sentimental. I knew that this scheme worked. I knew that the Board has solved one of the great difficulties in getting munitions. And what I saw that night confirmed in me the strong conviction that the way to rule workmen is through and by workmen—not foremen, not superintendents, not managers, not employers, but working workmen.

(Reprinted from the *Daily Chronicle* by the kind permission of Mr. Harold Begbie and the Editor.)

Appendix VII

PROVISIONS FOR WORKS COMMITTEES IN THE AWARDS OF THE NATIONAL WAR LABOR BOARD AND MEMORANDUM WITH REGARD TO PROCEDURE IN ELECTIONS

Employees v. American Locomotive Company, Schenectady, N. Y., Docket No. 61; Mason Machine Works, Taunton, Mass., Docket No. 111, October 9, 1918; St. Louis Car Company, St. Louis, Mo., Docket No. 4-A, October 11, 1918.

For the purpose of securing the equitable application of Section I (concerning working hours and overtime) and adjusting all differences which may arise between the management and the workers in regard to its operation, a permanent committee of four persons is hereby created, two of whom shall be designated by the management of the plant and two by the workers, the decision of any three of whom shall be binding. In the event of failure of the committee to reach an agreement the case may be referred to the Examiner of the National War Labor Board, whose decision shall be binding, except that either party may appeal to the National War Labor Board pending the ajudication of which appeal the decision of the examiner shall be in force and effect.

Machinists and Electrical Workers and Other Employees vs. The Bethlehem Steel Company, Bethlehem, Pa., Docket No. 22, July 31, 1918.

The right of employees to bargain collectively is recognized by the National War Labor Board; therefore the employees of the Bethlehem plant should be guaranteed this right. The workers of the Bethlehem plant should use the same method of electing committees as is provided in the award of the National War Labor Board for the workers of the General Electric Company at Pittsfield, Mass.

Employees v. The General Electric Company, Pittsfield Works, Docket No. 19, July 31, 1918.

The election by the workers of their representative department committees to present grievances and to mediate with the company shall be held during the life of this award in some convenient public building in the neighborhood of the plant, to be selected by the examiner of this board assigned to supervise the execution of this award, or in the case of his absence, by some impartial person, to be selected by such examiner. Such examiner or his substitute shall preside over the first and all subsequent meetings during the life of this award, and have the power to make the proper regulations to secure absolute fairness.

In the elections the examiner shall provide whenever practicable for the minority representation by limiting the right of each voter to a vote for less than the total number of the committee to be selected. Elections shall be held annually.

Employees v. Employers in Munition and Related Trades, Bridgeport, Conn. Docket No. 132, August 26, 1918.

The right of employees to bargain collectively is recognized by the National War Labor Board; therefore, the employees in the plants shall be guaranteed this right.

Employees v. Corn Products Refining Company, Docket No. 130, November 21, 1918.

Committees consisting of three employees from each department shall be elected by secret ballot in such manner and place and under such conditions as the employees may determine without influence or interference by the company or any of its superintendents or foremen, which committees after their election shall represent and be responsible to the employees of such departments in the presentation and adjustment of any grievances as to hours, wages, or working conditions.

Such grievances as may arise shall first be presented for adjustment to the head of the department involved by the departmental committee concerned. If within five days thereafter the dispute is not adjusted, the departmental committee may refer the matter in dispute to a general plant committee to consist of five employees elected by the members of the departmental committees, to be taken up by the general plant committee with a like committee of the company or other of the company's representatives for the purpose of bringing about a settlement. In the event that the general plant committee fails to bring about an agreement on disputed questions, the matter in dispute may be referred to the National War Labor Board or to such other agency as the company or its representatives and the general plant committee may agree upon.

General Electric Company, Lynn, Mass., Docket No. 231, October 24, 1918.

In the case of the employees v. the General Electric Company, Mass., the National War Labor Board orders:

(*a*) There shall be forthwith shop committees in conformity with a plan approved by the Board.

(*b*) That the secretary of the National War Labor Board shall appoint an examiner who shall supervise and conduct these elections.

(*c*) That a general committee shall be created, consisting of three members to represent the workers and three to represent the employers. The members of the general committee representing the workers shall be selected by the members of the shop committee acting jointly, under supervision of the examiner.

(*d*) That the employers shall forthwith select their represenattives to meet with the representatives of the workers on the shop committee and the general committee.

Employees v. Jackson and Church Company, Wilcox Motor and Manufacturing Company, Stork Motor Works, Carde Stamping and Tool Company, Jackson-Church-Wilcox Company, Nelson Brothers Company, National Engineering Company, Werner and Pfleiderer Company, Lufkin Rule Company, Wickes Brothers, and American Cash Register Company, all of Saginaw, Michigan, Docket No. 147, October 25, 1918.

As the right of workers to bargain collectively through committees is recognized by the board, the companies shall recognize and deal with such committees after they have been constituted by the employees.

The election of committees shall be held in the places where the largest total vote of the men can be secured consistent with fairness of count and full

and free expression of choice, either in the shop or some convenient public building, as the parties themselves shall agree upon.

The committees above provided shall meet with the management to establish such classifications and minimum rates of pay as may seem to them necessary.

Employees v. Manufacturers of Newsprint Paper, Docket No. 35, July 20, 1918.

It is recommended that a committee of five (5) representing the employers and a committee of five (5) representing the employees be formed by the respective groups, which joint committee shall make careful investigation and study in the industry and endeavor to submit a uniform classification of employees, to establish proper wage differential among the various classes and the various grades in each class, and to formulate a schedule of working conditions that can be adopted by all the mills, with a view of establishing uniform classification, working conditions, and wage schedules throughout the industry. These committees should be appointed at once and endeavor to reach a conclusion and report within six (6) months from July 1, 1918.

Employees v. National Refining Company, Coffeyville, Kansas, Docket No. 97, August 28, 1918.

As the right of workers to bargain collectively through committees has been recognized by the Board, the company shall recognize and deal with such committees after they have been constituted by the employees.

Employees v. New York Central Iron Works Co., Inc., Hagerstown, Md., Docket No. 297, September 26, 1918.

A committee of five shall be chosen by the workers by secret ballot at an election to be held and supervised by the committee of five workers signing this agreement and the general manager and the superintendent of the plant. If any individual worker is unable to settle a point of difference with the superintendent, the worker shall have the right to present such point of difference directly to the general manager or through the committee of five to be so elected. Should any worker on the committee cease to be employed at the plant, his place on the committee shall automatically become vacant and shall be filled in the manner prescribed for the election of the committee.

Employees v. Smith and Wesson Co., Springfield, Mass., Docket No. 273, August 21, 1918.

(*a*) Election of Committees.—The election by the workers of their representative department committees to present grievances and mediate with the company shall be held, during the life of this award, in some convenient public building in the neighborhood of the plant, to be selected by the examiner of this board assigned to supervise the execution of this award, or, in case of his absence, by some impartial person, a resident of Springfield, Mass., to be selected by such examiner. Such examiner, or his substitute, shall preside over the first and all subsequent elections during the life of this award, and have the power to make the proper regulations to secure absolute fairness.

In the elections the examiner shall provide, wherever practicable, for the minority representation by limiting the right of each voter to a vote for less than the total number of the committee to be selected. Elections shall be held annually.

(*b*) Duties of Department Committees.—The duties of the department committees shall be confined to the adjustment of disputes which the shop foremen and the division superintendents and the employees have been unable to adjust.

The department committees shall meet annually and shall select from among their number three (3) employees who shall be known as the Committee on Appeals. This committee shall meet with the management for the purpose of adjusting disputes which the department committees have failed to adjust.

Employees v. Southern California Iron and Steel Company, Los Angeles, Cal., Docket No. 94, October 25, 1918.

As the right of the workers to bargain collectively through committees has been recognized by the Board, the company shall recognize and deal with such committees after they have been constituted by the employees.

All questions in dispute shall be taken up for adjustment with the management and the committees herein provided for.

Employees v. Standard Wheel Company, Terre Haute, Ind., Docket No. 176, October 25, 1918.

As the right of workers to bargain collectively through committees has been recognized by the Board, the company shall recognize and deal with such committees, at least one member of which shall be a woman, after they have been constituted by the employees under the supervision of an examiner of the National War Labor Board and by a method of election prescribed by the Board.

Employees v. Virginia Bridge and Iron Company, Roanoke, Va., Docket No. 47, October 24, 1918.

In the case of Employees versus the Virginia Bridge and Iron Co., Roanoke, Virginia, the board finds that the case is one in which such controversies as exist, if any, should be settled through committees representing the men and the company in accord with the principles of the Board relating to collective bargaining.

The Board, therefore, directs that such committees should be forthwith selected for this purpose.

In the event that the committees may fail to agree with the company in matters in controversy, such matters may then be brought to this Board for adjustment, consideration and decision.

NATIONAL WAR LABOR BOARD, Washington.

Procedure

ELECTIONS OF SHOP COMMITTEES

In cases where elections are required to be held for the purpose of selecting shop committees, the following shall be the procedure:

1. Number of Committeemen

Shop committees shall be selected to meet with an equal or a lesser number of representatives to be selected by the employer. Each department or section of the shop shall be entitled to one committeeman for each one hundred employees employed in the department or section. If in any department or section there shall be employees in excess of any even hundred, than an additional committeeman may be elected provided the additional employees beyond the even hundred shall be fifty or more; if less than fifty, no additional representation shall be allowed. As an example: In a department or section employing 330 men, three committeemen will be elected; in a department employing 375 men, four committeemen will be elected.

2. Nominations

Due notice having been given of an election, 10 days shall be allowed during which nominations may be made for candidates. In order that a candidate's name may appear on the ballot, such person must be nominated either at a meeting of the employees or any part of them duly called for that purpose, or by petition signed by not less than 10 per cent of those qualified to vote for any candidate so nominated.

a. By Convention.—Meetings for nomination of candidates may be held at any places named in the calls for the same. The nominations and the attendance of at least 10 per cent of the persons entitled to vote for nominees at any such meeting must be certified to by the chairman and secretary of the meeting.

b. By Petition.—All nominating petitions must clearly name the candidate or candidates and have the signature of not less than 10 per cent of the bona fide employees qualified to vote for such candidate.

c. Filing Nominations.—Nominations made either by meeting or by petition must be sent to the examiner of the National War Labor Board not later than 10 days after the notice of election is given, and the election shall be held on the fifth day next succeeding unless such day should be Saturday or Sunday or a holiday, in which event the election shall be held on the next successive work day.

d. Publishing Lists of Nominees.—Lists of candidates selected by convention or petition and distinctively designated, may be posted by their respective supporters on a bulletin board to be provided by the employer, convenient to the voting booths, to assist voters in marking their ballots.

3. Elections

a. Place.—The election shall be held in the place where the largest total vote of the men can be secured, consistent with fairness of count and full and free expression of choice, either in the shop or in some convenient public building, as the chief examiner shall decide after conference, if need be, with the Secretary of the National War Labor Board.

b. Election Officers.—The election shall be conducted under the supervision of an examiner of the National War Labor Board, who shall select as assistants two or more employees of the department or section for which the election is held. These persons shall constitute the Election Board, which will conduct the election, count the votes, and certify as to the correctness of the count.

An employee of the company to be nominated by the employer, who shall preferably be the timekeeper or someone connected with the proper department or section, who is qualified to certify to and identify the voters as bona fide employees, shall assist the election board in its duties.

c. Freedom from Undue Influence.—All elections shall be held in accordance with the Australian or secret ballot. The names of all the nominees shall be printed in alphabetical order on the ballot, which shall clearly state the number to be voted for. This ballot shall be in the form that it may be folded so as to conceal the nature of the vote. Each employee presenting himself shall be certified to as qualified to vote and handed a ballot by the tellers. Upon indicating upon the ballot by marking a cross opposite the names of the candidates for whom the employee wishes to vote, he shall himself place it in the ballot box. A booth or booths shall be provided where the employee may indicate his choice free from observation.

Foremen and other officials of the company shall absent themselves from the election to remove ground for a claim of undue influence.

d. Declaration of Election.—The candidates receiving the greatest number of votes shall be declared elected by the election board. In the event of a tie vote, the examiner of the National War Labor Board shall call for a new election within five days.

4. Change of Procedure by Agreement

After the initial election under the supervision of the examiner of the National War Labor Board, subsequent elections and any general rules or regulations pertaining to the selection of Shop Committees may be carried out through agreement between the employer and the committee so elected. Proper provision should be made for reports of the Shop Committees from time to time to their respective constituencies.

Approved by the Joint Chairmen, October 4, 1918.

This election plan is so worded as to provide for both a General Works Committee, representing the employers of the entire establishment, such as might meet annually or on special occasions, and also, for department committees (which is the sense in which the term "Shop Committee" is ordinarily used). These latter committees are the agencies by which the employees of the several departments, or sections of the works, take up in the first instance the various problems requiring adjustment with the management.

The General Works Committee is composed of the several shop committees representing the departments and sections of the plant. Thus, a single election in a department provides both a shop committee as such, and a portion of the Works Committee, which will be formed by the coming together of all the various shop committees.

Long experience has shown that committees of three are usually more effective than either larger or smaller ones. In order to insure workable committees of not less than three or more than five, examiners can either subdivide a plant into sections of not less than two hundred and fifty nor more than five hundred and fifty employees, thus securing committees of suitable size at once, or under some circumstances they may find it better to permit a somewhat larger section of the plant to elect committeemen and then to see that the committee resulting reduces itself to manageable proportions by subsequent election among its own number.

Before giving notice of any election under an award of the Board, the administrative examiner in charge shall submit in writing to the undersigned an election schedule, on which the place of the election shall be stated, as well as the several subdivisions of the plant by which shop committees are to be chosen.

The number of employees in each department or section of the plant shall be shown, the representation allowed upon the committee, and the time proposed for the election.

The place of the election and other details will be approved by the chief administrative examiner, as required in paragraph 3, section A, of the official election plan.—(Memorandum by Administrator of Awards.)

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